ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

Bilateral Agreement between the United States and Nepal

Note by the Chairman

Attached is a notification received from the United States of a bilateral agreement concluded with Nepal for the period 1 October 1985 to 31 December 1990. This notification has been made under Articles 7 and 8 in accordance with a request made by the Textiles Committee that agreements concluded with non-participants be notified for information.
July 7, 1986

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue de Lausanne 154
1211 Geneva

Dear Mr. Chairman:

Pursuant to the provisions of Articles 7 and 8 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform the Textiles Surveillance Body of a new bilateral textile agreement between the Government of the United States of America and His Majesty's Government of Nepal.

Copies of the letters giving effect to this new agreement are enclosed.

Sincerely,

[signature]

Robert E. Shepherd
Minister-Counselor

Enclosures
THE UNITED STATES AND NEPAL SIGN NEW BILATERAL TEXTILE AGREEMENT

The United States and Nepal exchanged notes to effect a new bilateral textile Agreement.

UNITED STATES NOTE

Kathmandu, Nepal
May 30, 1986

Sir:

I have the honor to refer to consultations held January 21 through January 26, 1986, between representatives of the Government of the United States of America and His Majesty's Government of Nepal concerning export from Nepal to the United States of cotton apparel.

AGREEMENT TERM:

1. The term of the Agreement will be the period from October 1, 1985, through December 31, 1990, except that the agreement term for Categories 340, 341 and 342 shall commence on January 1, 1986. Each full "Agreement Period" shall be a 12-month period from January 1 of a given year.
to December 31 of that year. The first agreement period for Category 337 shall be from October 1, 1985, through December 31, 1986.

COVERAGE OF AGREEMENT:

2. Textile products covered by this Agreement are those summarized in Annex A.

CLASSIFICATION:

3. For the purposes of this Agreement, textile products shall be classified as Cotton Textiles if wholly or in chief value of cotton. Textile products listed in Annex A hereto but not in chief value of cotton shall be classified as Cotton Textiles if containing fifty (50) percent or more by weight of cotton, or if the cotton with wool and/or man-made fibers in the aggregate equal or exceed fifty (50) percent by weight and the cotton component equals or exceeds the weight of the total wool and/or man-made fiber components.

SPECIFIC LIMITS:

4. Commencing with the first agreement period and during the subsequent term of this Agreement, His Majesty's Government of Nepal shall limit annual exports from Nepal to the United States of cotton textile products to the specific limits set out in Annex B. Such specific limits may be adjusted in accordance with Paragraph 5.
FLEXIBILITY:

5. (A) During any agreement period, the specific limits set out in Annex B may be exceeded by not more than six (6) percent swing, provided that a corresponding reduction in square yards equivalent is made in one or more other specific limits during the same agreement year.

(B) His Majesty's Government of Nepal shall indicate to the Government of the United States the specific limit it intends to increase and which it wishes to decrease.

(C) The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carryover (the use of any unused yardage; i.e., shortfall, of the corresponding limit for the previous period) and/or carryforward (the borrowing of a portion of the corresponding limit from the succeeding agreement period) is eleven (11) percent, of which carryforward shall not constitute more than six (6) percent.

(D) His Majesty's Government of Nepal will notify the Government of the United States when it wishes to use unused yardage (short fall) available in categories for carryover and when it wishes to use carry forward, subject to the provisions set out above.
(E) No carryover shall be available for application in the first agreement period. No carryforward shall be available for application in the final agreement period.

(F) For the purposes of the Agreement, a short fall occurs when exports of textiles or textile products from Nepal 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.)

OVERSHIPMENT CHARGES:

6. Exports from Nepal 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. The Government of the United States shall inform His Majesty's Government of Nepal of any such charges.

(A) Products of Nepal shipped in excess of authorized 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.
(B) Any action taken pursuant to this paragraph shall not prejudice the rights of either Government regarding consultations.

SPACING PROVISIONS:

7. His Majesty's Government of Nepal shall use its best efforts to space exports to the United States within each category, sub-category, or part category evenly throughout each agreement period, taking into consideration normal seasonal factors.

UNITED STATES ASSISTANCE IN IMPLEMENTATION OF THE LIMITATION PROVISIONS:

8. His Majesty's Government of Nepal shall administer its export control system under this Agreement. The Government of the United States may assist his Majesty's Government of Nepal in implementing the limitation provisions of this Agreement by controlling imports, by the date of export, of textile products covered by this Agreement.

EXCHANGE OF DATA:

promptly supply the Government of the United States with data on monthly exports of cotton textile products from Nepal to the United States. Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement.

MUTUALLY SATISFACTORY ADMINISTRATIVE ARRANGEMENT:

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

CONSULTATION ON IMPLEMENTATION QUESTIONS:

11. The Government of the United States and His Majesty's Government of Nepal agree, upon the request of the other, to consult on any question arising in the implementation of this Agreement.

RIGHT TO PROPOSE REVISIONS TO THE AGREEMENT:

12. The Government of the United States and His Majesty's Government of Nepal may at any time propose revisions in the terms of this Agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to the Agreement, or taking such other appropriate action as may be mutually agreed upon.
CONSULTATION IN CASE OF INEQUITY VISA-VIS A THIRD COUNTRY:

13. If His Majesty's Government of Nepal 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, His Majesty's Government of Nepal may request consultation with the Government of the United States with a view to taking appropriate remedial actions, such as a reasonable modification of this Agreement.

VISA SYSTEM:

14. The Government of the United States and His Majesty's Government of Nepal agree to establish a visa system covering all textile and apparel shipments to the United States, beginning on or before August 1, 1966.

CIRCUMVENTION:

15. Both Governments agree to collaborate with a view to taking appropriate administrative action to avoid circumvention of this Agreement by transshipment or rerouting. Officials of both Governments agree to continue to cooperate closely with each other in order to identify and eliminate problems related to transshipments and to exchange information relating to such activities in order to help each other to prosecute parties engaged in such practices in
accordance with their respective laws and regulations.

BILATERAL REVIEW:

16. After three years, both Governments agree to review the agreed trade levels and to revise these as appropriate through consultations.

COMPREHENSIVE AGREEMENT:

17. Both Governments agree to conclude a comprehensive Bilateral Textile and Apparel 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 (90) days prior to the end of such agreement period.

If the foregoing conforms with the understanding of his Majesty's Government of Nepal, this Note and your Note of Confirmation on behalf of His Majesty's Government of Nepal shall constitute an Agreement between our two Governments.

Accept, Sir, the assurances of my high consideration.

Accept, Sir, the assurances of my high consideration.

ENCLOSURES:

1. Annex A
2. Annex B
### ANNEX A

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>DESCRIPTION</th>
<th>CONVERSION FACTOR</th>
<th>UNIT OF MEASURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>337</td>
<td>Cotton Playsuits</td>
<td>25</td>
<td>Dozen</td>
</tr>
<tr>
<td>340</td>
<td>Cotton Non-Knit Shirts, Men's and Boys'</td>
<td>24</td>
<td>Dozen</td>
</tr>
<tr>
<td>341</td>
<td>Cotton Non-Knit Blouses, Women's Girls' and Infants'</td>
<td>14.5</td>
<td>Dozen</td>
</tr>
<tr>
<td>342</td>
<td>Cotton Skirts</td>
<td>17.8</td>
<td>Dozen</td>
</tr>
</tbody>
</table>

### ANNEX B

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>UNIT</th>
<th>10/85 - 12/86</th>
<th>1/86 - 12/87</th>
<th>1/88 - 12/88</th>
<th>1/89 - 12/88</th>
<th>1/90 - 12/88</th>
</tr>
</thead>
<tbody>
<tr>
<td>337</td>
<td>Doz.</td>
<td>93,750*</td>
<td>79,500</td>
<td>84,270</td>
<td>89,326</td>
<td>94,686</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1/86 - 12/86</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>340</td>
<td>Doz.</td>
<td>180,000</td>
<td>190,800</td>
<td>202,248</td>
<td>214,383</td>
<td>227,246</td>
</tr>
<tr>
<td>341</td>
<td>Doz.</td>
<td>600,000</td>
<td>636,000</td>
<td>674,160</td>
<td>714,610</td>
<td>757,486</td>
</tr>
<tr>
<td>342</td>
<td>Doz.</td>
<td>100,000</td>
<td>106,000</td>
<td>112,360</td>
<td>119,102</td>
<td>126,248</td>
</tr>
</tbody>
</table>

*75,000 for 12-month rate equals 93,750 for 15 months*
NEPAL NOTE

June 1, 1986

Excellency,

I have the honour to acknowledge the receipt of your Excellency's Note of May 30, 1986 which reads as follows:

"I have the honour to refer to consultations held January 21 through January 26, 1986 between representatives of the Government of the United States of America and His Majesty's Government of Nepal concerning expert from Nepal to the United States of cotton apparel.

AGREEMENT TERM:

1. The term of the agreement will be the period from October 1, 1985 through December 31, 1990, except that the agreement term for categories 340, 341 and 342 shall commence on January 1, 1986. Each full "agreement period" shall be a twelve-month period from January 1 of a given year to December 31 of that year. The first agreement period for Category 337 shall be from October 1, 1985 through December 31, 1986.

COVERAGE OF AGREEMENT:

2. Textile products covered by this agreement are those summarized in Annex A.

CLASSIFICATION:

3. For the purposes of this agreement, textile products shall be classified as cotton textiles if wholly or in chief value of cotton. Textile products listed in Annex A hereof but not in chief value of cotton shall be classified as cotton textiles if containing 50 percent or more by weight of cotton, or if the cotton with wool and/or manmade fibers in the aggregate equal or exceed 50 percent by weight and the cotton component equals or exceeds the weight of the total wool and/or manmade fiber components.

SPECIFIC LIMITS:

4. Commencing with the first agreement period and during the subsequent term of this agreement, His Majesty's Government of Nepal shall limit annual exports
from Nepal to the United States of cotton textile products to the specific limits set out in Annex B. Such specific limits may be adjusted in accordance with Paragraph 5.

FLEXIBILITY:

5. (A) During any agreement period, the specific limits set out in Annex B may be exceeded by not more than six (6) percent swing, provided that a corresponding reduction in square yards equivalent is made in one or more other specific limits during the same agreement year.

(B) His Majesty’s Government of Nepal shall indicate to the Government of the United States the specific limit it intends to increase and which it wishes to decrease.

(C) The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carryover (the use of any unused yardage, i.e., shortfall, of the corresponding limit for the previous period) and/or carryforward (the borrowing of a portion of the corresponding limit from the succeeding agreement period) is eleven (11) percent, of which carryforward shall not constitute more than six (6) percent.

(D) His Majesty’s Government of Nepal will notify the Government of the United States when it wishes to use unused yardage (shortfall) available in categories for carryover and when it wishes to use carryforward, subject to the provisions set out above.

(E) No carryover shall be available for application in the first agreement period. No carryforward shall be available for application in the final agreement period.

(F) For the purposes of the agreement, a shortfall occurs when exports of textiles or textile products from Nepal 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.
OVERSHIMENT CHARGES:

6. Experts from Nepal 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. The Government of the United States shall inform His Majesty's Government of Nepal of any such charges.

(A) Products of Nepal shipped in excess of authorized 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.

(B) Any action taken pursuant to this Paragraph shall not prejudice the rights of either government regarding consultations.

SPACING PROVISIONS:

7. His Majesty's Government of Nepal shall use its best efforts to space exports to the United States within each category, subcategory, or part category evenly throughout each agreement period, taking into consideration normal seasonal factors.

UNITED STATES ASSISTANCE IN IMPLEMENTATION OF THE LIMITATION PROVISIONS:

8. His Majesty's Government of Nepal shall administer its export control system under this agreement. The Government of the United States may assist His Majesty's Government of Nepal in implementing the limitation provisions of this agreement by controlling imports, by the date of export, of textile products covered by this agreement.

EXCHANGE OF DATA:

textile products from Nepal to the United States. Each government agrees to supply promptly any other available statistical data necessary to the implementation of this agreement.

**MUTUALLY SATISFACTORY ADMINISTRATIVE ARRANGEMENT**

10. 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**

11. The Government of the United States and His Majesty's Government of Nepal agree, upon the request of the other, to consult on any question arising in the implementation of this agreement.

**RIGHT TO PROPOSE REVISIONS TO THE AGREEMENT**

12. The Government of the United States and His Majesty's Government of Nepal may at any time propose revisions in the terms of this agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to the agreement, or taking such other appropriate action as may be mutually agreed upon.

**CONSULTATION IN CASE OF INEQUITY VERSUS A THIRD COUNTRY**

13. If His Majesty's Government of Nepal 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, His Majesty's Government of Nepal 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.

**VISA SYSTEM**

14. The Government of the United States and His Majesty's Government of Nepal agree to establish a visa system covering all textile and apparel shipments to the United States, beginning or before August 1, 1986.
15. Both governments agree to collaborate with a view to taking appropriate administrative action to avoid circumvention of this agreement by transshipment or rerouting. Officials of both governments agree to continue to cooperate closely with each other in order to identify and eliminate problems related to transshipments and to exchange information relating to such activities in order to help each other to prosecute parties engaged in such practices in accordance with their respective laws and regulations.

BILATERAL REVIEW:

16. After three years, both governments agree to review the agreed trade levels and to revise these as appropriate through consultations.

COMPREHENSIVE AGREEMENT:

17. Both governments agree to conclude a comprehensive bilateral textile and apparel 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 90 days prior to the end of such agreement period.

If the foregoing conforms with the understanding of His Majesty’s Government of Nepal, this note and your Excellency’s note of confirmation on behalf of His Majesty’s Government of Nepal shall constitute an agreement between our two governments.

Accept, Excellency, the renewed assurances of my highest consideration."
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>DESCRIPTION</th>
<th>UNIT OF MEASURE</th>
<th>CONVERSION FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>337</td>
<td>Cotton Non-knit Playsuits</td>
<td>Dozen</td>
<td>25</td>
</tr>
<tr>
<td>340</td>
<td>Cotton Non-knit Shirts, men's and boys'</td>
<td>Dozen</td>
<td>24</td>
</tr>
<tr>
<td>342</td>
<td>Cotton Non-knit Blouses, women's, girls' and infants</td>
<td>Dozen</td>
<td>14.5</td>
</tr>
<tr>
<td>342</td>
<td>Cotton Non-knit Skirts</td>
<td>Dozen</td>
<td>17.8</td>
</tr>
</tbody>
</table>

**ANNEX - A**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>UNIT</th>
<th>10/85-12/86</th>
<th>1/86-12/86</th>
<th>1/87-12/87</th>
<th>1/88-12/88</th>
<th>1/89-12/89</th>
<th>1/90-12/88</th>
</tr>
</thead>
<tbody>
<tr>
<td>337</td>
<td>Doz.</td>
<td>93,750</td>
<td>79,500</td>
<td>84,270</td>
<td>89,326</td>
<td>94,686</td>
<td></td>
</tr>
<tr>
<td>340</td>
<td>Doz.</td>
<td>180,000</td>
<td>190,800</td>
<td>202,248</td>
<td>214,383</td>
<td>227,246</td>
<td></td>
</tr>
<tr>
<td>341</td>
<td>Doz.</td>
<td>600,000</td>
<td>636,000</td>
<td>674,160</td>
<td>714,610</td>
<td>757,486</td>
<td></td>
</tr>
<tr>
<td>342</td>
<td>Doz.</td>
<td>100,000</td>
<td>106,000</td>
<td>112,360</td>
<td>119,102</td>
<td>126,248</td>
<td></td>
</tr>
</tbody>
</table>

*Note: 75,000 for 12 month rate equals 93,750 for 15 months.*