Arrangement Regarding International Trade in Textiles

Notification under Article 4

Amendment of the bilateral agreement between the United States and Hungary

Note by the Chairman

Attached is a notification received from the United States of a further amendment of its bilateral agreement with Hungary.

*English only/Anglais seulement/Inglés solamente

The bilateral agreement, its extensions and modifications are contained in COM.TEX/SB/864, 972, 1063, 1194, 1301 and 1321.
August 10, 1988

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

Dear Ambassador Raffaelli:

Pursuant to the provisions of paragraph 4 of Article 4 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform the Textile Surveillance Body of the further amendment of the bilateral textile agreement between the Government of the United States of America and the Government of Hungary.

This amendment establishes specific limits for three new products: cotton yarn (category 300/301); wool fabric (category 410) and woolen skirts (category 442). The U.S. has requested consultations on category 442 pursuant to Article 3.3 of the Arrangement to deal with market disruption in October 1987. Consultations on categories 300/310 and 410 to deal with real risk of market disruption were initiated in January 1988.

<table>
<thead>
<tr>
<th>Category</th>
<th>Consultation Request</th>
<th>Rollback Level</th>
<th>Agreed Restraint</th>
</tr>
</thead>
<tbody>
<tr>
<td>300/301</td>
<td>Jan 88</td>
<td>1,275,700 LBS</td>
<td>2,500,000 LBS</td>
</tr>
<tr>
<td>410</td>
<td>Jan 88</td>
<td>559,538 syds</td>
<td>1,000,000 syds</td>
</tr>
<tr>
<td>442</td>
<td>October 87</td>
<td>14,932 dozen</td>
<td>18,000 doz</td>
</tr>
</tbody>
</table>
Growth for category 300/301 is set at 6% and for categories 410 and 442 at 1%; swing is available at 5%; carryforward/carryover at 11%/16%.

Attached hereto are copies of the notes giving effect to this amendment.

Sincerely,

Robert E. Shepherd
Minister Counselor

Enclosure
UNITED STATES AND HUNGARY AMEND BILATERAL TEXTILE AGREEMENT

The United States and Hungary exchanged notes in Budapest on April 8 and the 15, 1988, to amend their Bilateral Textile Agreement. Text of the notes follows:

UNITED STATES NOTE
Budapest, April 8, 1988

The Embassy of the United States presents its compliments to the Ministry of Trade of the People's Republic of Hungary and has the honor to refer to The Arrangement Regarding International Trade in Textiles (The Arrangement) and to the bilateral agreement between the Government of United States of America, and the Government of the Hungarian People's Republic relating to trade in wool and man-made fiber textiles and textile products, with annexes, effected by exchange of notes done at Budapest dated February 15 and 25, 1983, as amended (The Agreement).


The Embassy of the United States has the honor to propose, on behalf of the Government of the United States of America, that the Agreement be amended as follows:

For more information contact: EB/TEX: ELEANORE KUHN (202) 647-1996
I. The Agreement shall be referred to as The Agreement Relating to Trade in Cotton, Wool and Man-made Fiber Textiles and Textile Products:

II. The following categories shall be added to annexes A and B of The Agreement:

Annex A (1)

| Category | Description                  | Conversion Factor | Units | To Square Yards
|----------|------------------------------|-------------------|-------|-----------------
| COTTON   |                              |                   |       |                  |
| 300      | Carded yarns                 | 4.6               | LB    |                  |
| 301      | Combed yarns                 | 4.6               | LB    |                  |
| FABRIC   |                              |                   |       |                  |
| WOOL     |                              |                   |       |                  |
| 410      | Woven fabrics of wool        | 1.0               | SYD   |                  |
### APPAREL

**WOOL**

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>442 Skirts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18.0</td>
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</tbody>
</table>

#### ANNEX B (1)

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>YARN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### COTTON

<table>
<thead>
<tr>
<th>300/301 LBS:</th>
<th>2,500,000</th>
<th>2,650,000</th>
<th>2,809,000</th>
<th>2,977,540</th>
</tr>
</thead>
</table>

#### FABRIC

<table>
<thead>
<tr>
<th>410 SYD</th>
<th>1,000,000</th>
<th>1,010,000</th>
<th>1,020,100</th>
<th>1,030,300</th>
</tr>
</thead>
</table>
III. Paragraph 2 shall be amended to read as follows:

"2. The categories of textile products covered by the Agreement and the rates of conversion into square yards equivalent are set out in Annex A (1) in accordance with the "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", published by the United States Department of Commerce. The determination of whether a textile product is of cotton, wool or man-made fiber shall be made in accordance with the terms of paragraph 6."

IV. Paragraph 6 shall be amended to read as follows:

6. (A) For the purpose of this agreement, textile products listed in Annex A which derive their chief characteristics from their textile components of wool, cotton or man-made fiber, or blends thereof, in which any or all of those
fibers in combination represent either the chief value of the fibers, or 17 percent or more by weight of the product in the case of wool products or 50 percent or more by weight of the product in the case of cotton or man-made fiber products, are subject to this agreement.

(B) For the purpose of this agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of these fibers. Any product covered by sub-paragraph (A) above but not in chief value of cotton, wool or man-made fiber shall be classified as:

(1) Cotton textiles if containing 50 percent or more by weight of cotton or if the cotton component exceeds by weight the wool or man-made fiber components;

(II) Wool textiles if not containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the total wool and or man-made fiber components and if wool equals or exceeds 17 percent by weight of all component fibers;
(III) Man-made fiber textiles if not containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the total wool and or man-made fiber components and if not classified as wool under (B) (1) of this paragraph.

III. Swing, carryover and carryforward shall be available pursuant to paragraphs 4 and 5 of The Agreement.

V. If these proposals are acceptable to the Government of the People's Republic of Hungary, then this note and the note of confirmation of the Government of the People's Republic of Hungary, shall constitute an amendment to The Agreement between our two governments.

The Embassy of the United States of America takes this opportunity to present to the Ministry of Trade of the Hungarian People's Republic the assurances of its highest consideration.

Embassy of the United States of America,

Budapest, April 8, 1988.
The Ministry of Trade of the Hungarian People's Republic presents its compliments to the Embassy of the United States of America in Budapest and has the honor to refer to the Embassy's Note No. 057 dated April 8, 1988 which reads as follows:


The Embassy of the United States has the honor to propose, on behalf of the Government of the United States of America, that The Agreement be amended as follows:

I. The Agreement shall be referred to as The Agreement Relating to Trade in Cotton, Wool and Man-made Fiber Textiles and Textile Products:

II. The following categories shall be added to annexes A and B of The Agreement:

Annex A /1/

<table>
<thead>
<tr>
<th>Category Description</th>
<th>Conversion Factor</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Square Yards'</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yarn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>300</td>
<td>Carded yarns</td>
<td>4.6</td>
</tr>
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<td>301</td>
<td>Combed yarns</td>
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</table>
FABRIC

WOOL

410 Woven fabrics of wool 1.0 SYD

APPAREL

WOOL

442 Skirts 18.0 DOZ

ANNEX B / 1/


YARN

COTTON

300/301 LBS: 2,500,000 2,650,000 2,809,000 2,977,540

FABRIC

WOOL

410 SYD 1,000,000 1,010,000 1,020,100 1,030,301
III. Paragraph 2 shall be amended to read as follows:

"2. The categories of textile products covered by The Agreement and the rates of conversion into square yards equivalent are set out in Annex A /1/ in accordance with the "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", published by the United States Department of Commerce. The determination of whether a textile product is of cotton, wool or man-made fiber shall be made in accordance with the terms of paragraph 6."

IV. Paragraph 6 shall be amended to read as follows:

6. /A/ For the purpose of this agreement, textile products listed in Annex A which derive their chief characteristics from their textile components of wool, cotton or man-made fiber, or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers, or 17 percent or more by weight of the product in the case of wool products or 50 percent or more by weight of the product in the case of cotton or man-made fiber products, are subject to this agreement.

/B/ For the purpose of this agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of these fibers. Any product covered by sub-paragraph /A/ above but not in chief value of cotton, wool or man-made fiber shall be classified as:
/I/ Cotton textiles if containing 50 percent or more by weight of cotton or if the cotton component exceeds by weight the wool or man-made fiber components;

/II/ Wool textiles if not containing 50 percent of more by weight of cotton, or if the cotton component exceeds by weight the total wool and or man-made fiber components and if wool equals or exceeds 17 percent by weight of all component fibers;

/III/ Man-made fiber textiles if not containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the total wool and or man-made fiber components and if not classified as wool under /B/ /I/ of this paragraph.

III. Swing, carryover and carryforward shall be available pursuant to paragraphs 4 and 5 of The Agreement.

V. If these proposals are acceptable to the Government of the People's Republic of Hungary, then this note and the note of confirmation of the Government of the People's Republic of Hungary, shall constitute an amendment to The Agreement between our two governments.

The Embassy of the United States of America takes this opportunity to present to the Ministry of Trade of the Hungarian People's Republic the assurances of its highest consideration."

The Ministry of Trade has the honor to confirm on behalf of the Government of the Hungarian People's Republic that the foregoing proposal is acceptable to the Government of the Hungarian People's Republic and that the note of the Embassy of the United States of America and this reply thereto shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States of America.
The Ministry of Trade of the Hungarian People's Republic takes this opportunity to present to the Embassy of the United States of America the assurances of its highest consideration.

Ministry of Trade

Budapest, April 15, 1988