ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 8:4

Modification of the bilateral agreement between the United States and Macau

Note by the Chairman

Attached is a notification received from the United States of a modification of its bilateral agreement in order to deal with problems of circumvention.

1The bilateral agreement, previous modifications and extension thereof are contained in COM.TEX/SB/959, 1300, 1498 and 1499.

*English only/Anglais seulement/Inglés solamente
May 24, 1991

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

Dear Ambassador Raffaelli:

Attached hereto are copies of notes modifying several elements of the U.S.-Macau bilateral agreement in order to deal with problems of circumvention involving the transshipment of large quantities of apparel products which were not of Macau origin through Macau to the United States. This modification of the bilateral constitutes the agreed solution of which the U.S. and Macau had informed the TSB during its ninth meeting of 1990.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Attachment
U.S. Note
December 10, 1990


AS A RESULT OF UNDERSTANDINGS REACHED IN THESE DISCUSSIONS, THE UNITED STATES PREPARES WITHDRAWN ITS "NOTICE OF INTENT TO TERMINATE THE AGREEMENT. THE UNITED STATES ALSO PROPOSES THE AGREEMENT BE AMENDED AS FOLLOWS:

A. NOTWITHSTANDING THE LIMITS SPECIFIED IN ANNEX F, THE FOLLOWING LIMITS WILL BE ESTABLISHED FOR CALENDAR YEAR 1991:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>LIMIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>345</td>
<td>10,000 DOZEN</td>
</tr>
<tr>
<td>445/446</td>
<td>37,510 DC7MN</td>
</tr>
<tr>
<td>645/646</td>
<td>90,050 DC7MN</td>
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</tbody>
</table>

FOLLOWING DETERMINATION BY THE GOVERNMENT OF THE UNITED STATES THAT MEASURES HAVE BEEN EFFECTIVELY IMPLEMENTED BY THE GOVERNMENT OF MACAU TO PREVENT CIRCUMVENTION OF THE BILATERAL AGREEMENT, THE GOVERNMENT OF THE UNITED STATES WILL PESTORE 1991 QUOTA LEVELS FOR THESE TEXTILE CATEGORIES, AS CURRENTLY CONTAINED IN ANNEX B OF THE BILATERAL AGREEMENT.

B. CATEGORY 345/846 WILL BE DELETED FROM ANNEX D AND ADDED TO ANNEX C WITH A DESIGNATED CONSIDERATION LEVEL OF 37,452 DOZEN. REFLECTING THIS CHANGE, THE AGGREGATE LIMIT AND PERCENT LIMIT WILL FACE PT REDUCED BY 5,314,940 SCRAP WOOL.

C. IT IS AGREED THAT IF THE URUGUAY ROUND PROPOSED TEXTILE ARRANGEMENT IS APPROVED, BOTH GOVERNMENTS AGREE TO CONSULT WITH A VIEW TO BRINGING THE BILATERAL AGREEMENT INTO CONFORMITY WITH ALL PROVISIONS OF THE NEW ARRANGEMENT.
L. PARAGRAPH 15 OF THE AGREEMENT SHALL BE REPLACED WITH THE FOLLOWING SUBSTITUTE PARAGRAPH 15:

THE GOVERNMENT OF MACAU SHALL COOPERATE WITH THE GOVERNMENT OF THE UNITED STATES IN ENSURING THAT THE AGREEMENT IS NOT CIRCUMVENTED BY TRANSSHIPMENT, RE-ROUTING, "MISDESCRIPTIO"N, UNDERINVOICING OR BY OTHER MEANS.

SUBJECT TO DOMESTIC LAWS, THE COMPETENT AUTHORITIES OF MACAU AND THOSE OF THE UNITED STATES, WITHIN THE SPIRIT OF COOPERATION UNDERTAKEN BY BOTH PARTIES HERETO, WILL SET UP INVESTIGATIONS WHERE THE TRUE ORIGIN OF GOODS IS IN QUESTION. THE GOVERNMENTS OF MACAU AND OF THE UNITED STATES SHALL ASSIST AND SHARE WITH EACH OTHER IN SECURING DOCUMENTS, CORRESPONDENCE AND REPORTS CONSIDERED RELEVANT TO SUCH INVESTIGATIONS.

THE TWO GOVERNMENTS SHALL ALSO COOPERATE IN VERIFYING PRODUCTION OF GOODS WHERE THE TRUE ORIGIN IS IN QUESTION. TO THAT END, UPON REQUEST FROM THE GOVERNMENT OF THE UNITED STATES OR UPON ITS OWN INITIATIVE, THE COMPETENT AUTHORITIES OF MACAU WILL PROVIDE TO THE COMPETENT AUTHORITIES OF THE UNITED STATES ANY INFORMATION AVAILABLE THAT WILL ENABLE THE DETERMINATION OF THE ORIGIN OF THE GOODS IN QUESTION.

WHEREAAS A RESULT OF INVESTIGATIONS, INFORMATION AVAILABLE TO THE GOVERNMENT OF THE UNITED STATES OR TO THE GOVERNMENT OF MACAU CONSTITUTES EVIDENCE THAT PROPECTS SUBJECT TO THIS AGREEMENT HAVE BEEN TRANSSHIPPED, RE-ROUTED, "MISDESCRIPTIO"N, UNDERINVOICED OR OTHERWISE TREATED IN CIRCUMVENTION OF THIS AGREEMENT, EITHER GOVERNMENT MAY REQUEST CONSULTATIONS WITH A VIEW TO REACHING AN AGREEMENT ON INVOKING APPROPRIATE QUOTA ADJUSTMENTS. SUCH CONSULTATIONS SHALL TAKE PLACE AND BE CONCLUDED WITHIN 120 DAYS OF SUCH REQUEST, ASSUMING THAT "PENDING" INFORMATION WILL BE PROVIDED TO BOTH GOVERNMENTS AT THE TIME OF THE REQUEST.

IF THESE PROPOSED CHANGES ARE ACCEPTABLE TO THE GOVERNMENT OF MACAU, THEN THIS NOTE AND THE GOVERNMENT OF MACAU NOTE OF ACCEPTANCE SHALL CONSTITUTE AN AMENDMENT TO THE BILATERAL AGREEMENT.

(COMPLIMENTARY CLOSE)
MACAU, APRIL 5TH, 1991

THE GOVERNMENT OF MACAU PRESENTS ITS COMPLIMENTS TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA THROUGH ITS CONSULATE GENERAL IN HONG KONG AND HAS THE HONOR TO REFER TO PREVIOUS DISCUSSIONS ON OUR TEXTILE TRADE, NAMELY THE GOVERNMENT OF THE UNITED STATES OF AMERICA'S DIPLOMATIC NOTE 906 OF DECEMBER 16, 1990, AND FURTHER CORRESPONDENCE ON THE MEMORANDUM OF UNDERSTANDING ON THE AGREEMENT BETWEEN OUR TWO GOVERNMENTS.

THE GOVERNMENT OF MACAU HAS THE HONOR OF HEREBY ACCEPTING THE TERMS OF THE PROPOSED DRAFT AGREEMENT UNDER THE ABOVE-MENTIONED DIPLOMATIC NOTE 906, AND IT HAS THE FURTHER HONOR OF ACKNOWLEDGING THAT IT SHALL CONSTITUTE AN AMENDMENT TO THE BILATERAL AGREEMENT.

THE GOVERNMENT OF MACAU AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA, THROUGH ITS CONSULATE GENERAL IN HONG KONG, THE ASSURANCES OF ITS HIGHEST CONSIDERATION.

(SIGNED)
FRANCISCO LUIS MURTEIRA NABO
ACTING GOVERNOR