ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between
the United States and Hungary

Note by the Chairman

Attached is a notification received from the United States concerning a new selective bilateral agreement, concluded under Article 4 of the Arrangement, with Hungary, valid for the period 1 October 1982 to 31 December 1986.

*English only/Anglais seulement.
The Honorable Ambassador Marcelo Raffaelli  
Chairman, Textiles Surveillance Body 
GATT  
154, rue de Lausanne  
CH-1211 Geneva 21

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 Textiles Surveillance Body of the conclusion of a bilateral wool textile agreement between the Government of the United States of America and the Government of the Peoples Republic of Hungary covering three apparel products. The term of this agreement is from October 1, 1982 to December 31, 1986, although the restraint period for one category did not go into effect until January 1, 1983. With respect to products not subject to this agreement, the two governments "reserve their rights under the arrangement."

Three specific limits have been established under this selective agreement -- category 433 (men's and boys' wool suit type coats); category 443 (men's and boys' wool suits); and category 444 (women's girls' and infants' wool suits). The first restraint period for categories 443 and 444 is the 15 month "agreement year" from October 1, 1982 - December 31, 1983. The first period for category 433 is the 12 month "agreement year" from January 1, 1983 - December 31, 1983. Subsequent "agreement years" are from January 1 - December 31 for all three categories.

Imports from Hungary in these three categories had increased sharply in 1981 and the first months of 1982, as can be seen from the chart on the next page.
IMPORTS FROM HUNGARY (DOZENS)

<table>
<thead>
<tr>
<th>Category</th>
<th>1980</th>
<th>1981</th>
<th>Roll-Back Level for 12 Month Period 1/</th>
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</thead>
<tbody>
<tr>
<td>433</td>
<td>2177</td>
<td>4117</td>
<td>5786 (8/81-7/82)</td>
</tr>
<tr>
<td>443</td>
<td>1634</td>
<td>3323</td>
<td>5762 (8/81-7/82)</td>
</tr>
<tr>
<td>444</td>
<td>1657</td>
<td>2279</td>
<td>4327 (7/81-6/82)</td>
</tr>
</tbody>
</table>

1/These periods were established pursuant to requests for consultations at different dates for the categories concerned. The consultations had been requested under the provisions of the 1976 U.S. Hungarian consultation agreement and Article 3 of the MFA.

Growth is at 1% for each category; swing at 5% (built into the annual levels for category 433); and carryover/carry forward are at 11%/6%.

The growth rate of less than six percent and the swing at less than seven percent were negotiated pursuant to the provisions of paragraphs 2 and 5 of annex B. At the same time, recognition of Hungary's position as a new entrant into the US market was accorded by (a) establishing base levels higher than those set out in paragraph 1 of annex B; and (b) commencing the first "agreement years" several months later than the first month following the last month of the roll-back period, thus allowing 5 months of unrestrained shipments for categories 433 and 443 and 3 months for category 444.
A chart to facilitate comparison of the limits established in this agreement and the roll back periods and levels is provided below:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>ROLL-BACK LEVELS</th>
<th>AGREEMENT LEVELS AND COMMENCEMENT OF RESTRAINT PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>433</td>
<td>5786 DOZ (8/81 - 7/82)</td>
<td>7,350 DOZ 2/ (Jan 1, 83)</td>
</tr>
<tr>
<td>443</td>
<td>5762 DOZ (5/81 - 4/82)</td>
<td>6,978 DOZ 3/ (Oct 1, 1982)</td>
</tr>
<tr>
<td>444</td>
<td>4,327 DOZ (7/81 - 6/82)</td>
<td>4,958 DOZ 3/ (Oct 1, 82)</td>
</tr>
</tbody>
</table>

2/ INCLUDES 5% BUILT-IN SWING 3 NOTIONAL ANNUAL LEVELS

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

Sincerely,

Robert E. Sheph<
Minister-Counselor
April 7, 1983
No. 100

THE UNITED STATES AND THE
HUNGARIAN PEOPLE'S REPUBLIC
SIGN BILATERAL TEXTILE AGREEMENT

The United States and the Hungarian People's Republic exchanged notes dated February 15, 1983 and February 25, 1983 to establish an agreement relating to trade in wool textile products between Hungary and the United States. The texts of the notes follow:

UNITED STATES NOTE

February 15, 1983
Budapest, Hungary

His Excellency
Peter Veress
Minister for Foreign Trade of the
Hungarian People's Republic

Dear Mr. Minister:

I have the honor to refer to the arrangement regarding international trade in textiles (hereinafter referred to as "The Arrangement"), done at Geneva on December 20, 1973 and as extended by the protocol adopted on December 22, 1981.

EB/TEX: Roger Freeman (202) 632-2777
I also refer to discussions held in Budapest from October 18 to October 20, 1982 and in Washington January 25-26 between representatives of the Government of the United States of America and the Government of the Hungarian People's Republic (hereinafter referred to as Hungary), concerning exports to the United States of wool textile products manufactured in Hungary. As a result of these discussions, I propose on behalf of the Government of the United States of America, under Article 4 of, and in conformity with, "The Arrangement", the following agreement relating to trade in wool textiles products between Hungary and the United States of America.

1. The term of the agreement shall be from October 1, 1982 to December 31, 1986 for categories 443 and 444, and from January 1, 1983 to December 31, 1986 for category 433. Each "agreement year" shall be a twelve-month period, beginning on January 1 and ending on December 31, except that the first "agreement year" for categories 443 and 444 shall be a fifteen-month period beginning on October 1, 1982 and ending on December 31, 1983.

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 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 wool shall be made in accordance with the terms of paragraph 6.

3. During the term of the agreement, the Government of Hungary shall limit annual exports from Hungary to the United States of America of the textile products of Hungarian origin listed in Annex A; to the specific limits set forth in Annex B hereto, as such limits may be adjusted in accordance with paragraphs 4 and 5, subject to the provisions of paragraph 4 (B). The limits set out in Annex B are without such adjustments. Exports are subject to limits for the year in which exported.
4. (A) During any agreement year, a specific limit set out in Annex B, other than that of category 433, may be exceeded by not more than five percent of its square yards equivalent limit as calculated on the basis of the conversion factor set out in Annex A, provided that the amount of the increase is compensated for by an equivalent decrease in another specific limit, other than that of category 433. When requesting use of the provisions of this paragraph, the Government of Hungary will indicate the category to be decreased by the commensurate quantity.

(B) In the case of category 433, the limit in Annex B includes all adjustments pursuant to this paragraph.

5. (A) In any agreement year, in addition to any adjustment pursuant to paragraph 4, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that agreement year an unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carryforward") subject to the following conditions:

1. Carryover may be utilized as available (subject to paragraph 5. (B)) up to 11 percent of the receiving agreement year's applicable limit. No carryover shall be available for application during the first agreement year.

2. Carryforward may be utilized up to six percent of the receiving agreement year's applicable limit. Carryforward used shall be charged against the immediately following agreement year's corresponding limit. No carryforward shall be available for application during the fourth agreement year.

3. The combination of carryover and carryforward shall not exceed eleven percent of the receiving agreement year's applicable limit in any agreement year.

(B) For purposes of the agreement, a shortfall occurs when exports of textiles or textile products from Hungary to the United States of America during an agreement year are below any applicable specific limits as set out in Annex B. In the agreement year following the shortfall, such exports from Hungary to the United States of America may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 5 (A), by carryover of shortfall in the following manner.
(1) The carryover shall not exceed the amount of shortfall in any applicable limit; and

(2) The shortfall shall be used in the category in which the shortfall occurred.

6. Textile products listed in Annex A hereto (being products which derive their chief characteristics from their textile components) of wool or a blend of wool, cotton and/or man-made fiber materials, in which the wool component comprises the chief value of the fibers or 17 percent or more by weight of the product, are subject to the agreement.

7. (A) The Government of the United States of America may assist the Government of Hungary in implementing the limitation provisions of the agreement by controlling its imports of the textile products covered by the agreement.

(B) Exports from Hungary 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.

(C) Exports from Hungary in excess of authorized limits in any agreement year will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

8. The Government of the United States of America shall promptly supply the Government of Hungary with monthly data on imports of textile products subject to this agreement; and the Government of Hungary shall promptly supply the Government of the United States of America with quarterly data on exports of such products to the United States. Each government agrees to supply promptly any other pertinent and readily available statistical data requested by the other government.

9. The Government of the United States of America and the Government of Hungary agree to consult on any question arising in the implementation of this agreement.

10. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this agreement, including differences in procedure or operation.
11. If the Government of Hungary considers that, as a result of a limitation specified in this agreement, Hungary is being placed in an inequitable position vis-a-vis a third country, the Government of Hungary may request consultations with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of the agreement.

12. For the duration of the agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the arrangement to request restraints on the export from Hungary of textiles covered by Annex A of the agreement. The Government of the United States of America and the Government of Hungary reserve their rights under the arrangement with respect to textiles and textile products not subject to this agreement.

13. Either government may terminate the agreement effective at the end of any agreement year by written notice to the other government to be given at least ninety days prior to the end of such agreement year. Either government may at any time propose revisions in the terms of the agreement.

If the foregoing proposal is acceptable to the Government of Hungary, this letter and your letter of acceptance, on behalf of the Government of Hungary, shall constitute an agreement between the Government of the United States of America and the Government of Hungary, effective from October 1, 1982.

Sincerely,

Harry B. Bed戈ld, Jr.
Ambassador
### 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>433</td>
<td>Suit-type coats, M and B</td>
<td>36.0</td>
<td>dozen</td>
</tr>
<tr>
<td>443</td>
<td>Suits, M and B</td>
<td>54.0</td>
<td>dozen</td>
</tr>
<tr>
<td>444</td>
<td>Suits, W, G and I</td>
<td>54.0</td>
<td>dozen</td>
</tr>
</tbody>
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### Annex B

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit*</th>
<th>1983</th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
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</thead>
<tbody>
<tr>
<td>433 A</td>
<td>dozen</td>
<td>7,350</td>
<td>7,424</td>
<td>7,498</td>
<td>7,573</td>
</tr>
<tr>
<td>443 B</td>
<td>dozen</td>
<td>8,740</td>
<td>7,062</td>
<td>7,133</td>
<td>7,204</td>
</tr>
<tr>
<td>444 B</td>
<td>dozen</td>
<td>6,209</td>
<td>5,017</td>
<td>5,067</td>
<td>5,118</td>
</tr>
</tbody>
</table>


Calendar Year

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit*</th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
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<tr>
<td>443 B</td>
<td>dozen</td>
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"A" includes annual growth and intercategory flexibility (swing).

"B" includes annual growth; does not include intercategory flexibility (swing).

* One dozen consists of twelve pieces.
Dear Mr. Ambassador:

I have the honor to acknowledge receipt of your letter dated February 15, 1983 proposing an agreement relating to trade in wool textile products between the Government of the Hungarian People's Republic and the Government of the United States, which reads as follows:

"I have the honor to refer to the arrangement regarding international trade in textiles (hereinafter referred to as "The Arrangement"), done at Geneva on December 20, 1973 and as extended by the protocol adopted on December 22, 1981.

I also refer to discussions held in Budapest from October 18 to October 20, 1982 and in Washington January 25-26 between representatives of the Government of the United States of America and the Government of the Hungarian People's Republic (hereinafter referred to as Hungary), concerning exports to the United States of wool textile products manufactured in Hungary. As a result of these discussions, I propose on behalf of the Government of the United States of America, under Article 4 of, and in conformity with, "The Arrangement", the following agreement relating to trade in wool textile products between Hungary and the United States of America.

1. The term of the agreement shall be from October 1, 1982 to December 31, 1986 for categories 443 and 444, and from January 1, 1983 to December 31, 1986 for category 433. Each "agreement year" shall be a twelve-month period, beginning on January 1 and ending on December 31, except that the first "agreement year" for categories 443 and 444 shall be a fifteen-month period beginning on October 1, 1982 and ending on December 31, 1983.
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3. During the term of the agreement, the Government of Hungary shall limit annual exports from Hungary to the United States of America of the textile products of Hungarian origin listed in Annex A, to the specific limits set forth in Annex B hereto, as such limits may be adjusted in accordance with paragraphs 4 and 5, subject to the provisions of paragraph 4 /B/. The limits set out in Annex B are without such adjustments. Exports are subject to limits for the year in which exported.

4. /A/ During any agreement year, a specific limit set out in Annex B, other than that of category 433, may be exceeded by not more than five percent of its square yards equivalent limit as calculated on the basis of the conversion factor set out in Annex A, provided that the amount of the increase is compensated for by an equivalent decrease in another specific limit, other than that of category 433. When requesting use of the provisions of this paragraph, the Government of Hungary will indicate the category to be decreased by the commensurate quantity.

   /B/ In the case of category 433, the limit in Annex B includes all adjustments pursuant to this paragraph.

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   /1/ Carryover may be utilized as available /subject to paragraph 5 /B/ up to 11 percent of the receiving agreement year's applicable limit. No carryover shall be available for application during the first agreement year.

   /2/ Carryforward may be utilized up to six percent of the receiving agreement year's applicable limit. Carryforward used shall be charged against the immediately following agreement year's corresponding limit. No carryforward shall be available for application during the fourth agreement year.

   /3/ The combination of carryover and carryforward shall not exceed eleven percent of the receiving agreement year's applicable limit in any agreement year.
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/1/ The carryover shall not exceed the amount of shortfall in any applicable limit; and

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6. Textile products listed in Annex A hereto /being products which derive their chief characteristics from their textile components/ of wool or a blend of wool, cotton and/or man-made fiber materials, in which the wool component comprises the chief value of the fibers or 17 percent or more by weight of the product, are subject to the agreement.

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If the foregoing proposal is acceptable to the Government of Hungary, this letter and your letter of acceptance on behalf of the Government of Hungary shall constitute an agreement between the Government of the United States of America and the Government of Hungary, effective from October 1, 1982."

I have 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 your letter and my reply thereto shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States, effective from October 1, 1982.

Sincerely,

Péter Veress
Minister of Foreign Trade of the Hungarian People's Republic
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