

# GENERAL AGREEMENT ON

CONFIDENTIAL

## TARIFFS AND TRADE

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TEX.SB/1365\*  
14 July 1987

Textiles Surveillance Body

### 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 an amendment of its selective bilateral agreement with Hungary. Restraints were agreed on Categories 434 (other wool coats, MB) and 645/646 (man-made fibre, sweaters) effective for the period 1 November 1986 to 31 December 1988.<sup>1</sup>

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\* English only/Anglais seulement/Inglés solamente

<sup>1</sup> The bilateral agreement, previous modifications and an extension are contained in COM.TEX/SB/864, 972, 1063 and 1194.

TS/140-4



850

For	Action	Comment	Int.
OPER. DEPT. A			<input checked="" type="checkbox"/>
NTM & Surv. Div.			
Development Div.			
Trade & Fin. Div.			
Tech. Coop. Div.			
Spec. Proj. Div.	<input checked="" type="checkbox"/>		
GNS Div.			
OPER. DEPT. B			
Econ. R/Anal. Unit.			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
Ext. Rel. Div.			
Training Div.			
Coord. / Admin.			
Trans/Duc Div.			
Conference C...			

# UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX  
1202 GENEVA, SWITZERLAND  
Telephone: 32 09 70

July 6, 1987

RECEIVED	EXH. 1365	FOLIO
REG - 7 JUL 1987		
For	Action	Comment Int.
DIRECTOR GENERAL		
Info. Serv.		
GENERAL AFF.		
FIN. Div.		
...		

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 Textiles Surveillance Body of the amendment of the bilateral textile agreement between the Government of the United States of America and the Government of Hungary.

This amendment establishes two new annual specific limits for the remainder of the current bilateral and for the first year (1988) of a new bilateral on which the two parties are currently conducting consultations.

The restraint on category 434 was sought by the U.S. to deal with problems of market disruption, and consultations to that end were requested in September 1986 pursuant to Article 3 of the Arrangement (assuming Hungary would soon join MFA IV). The restraint on category 645/646 was sought to deal with real risk of market disruption and the restraint was agreed during consultations between the two parties in Washington in December 1986.

The Honorable  
Ambassador Marcelo Raffaelli  
July 6, 1987  
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<u>Product</u>	<u>Date</u>	<u>Rollback Level</u>	<u>Agreed Restraint<sup>1/</sup></u>
wool coats (cat. 434)	Sep. 1986	5,659 doz.	7,500 doz. (notional annual level)
mmf sweaters (cat. 645/646)	Dec. 1986	57,078 doz.	85,000 doz.

1/ The notional annual level is derived from the initial 14-month restraint at 8,750 dozen and, as such, would technically provide no growth between the 1987 and 1988 agreement years. However, the two parties agreed to this formulation as part of an arrangement in which Hungary was provided the equivalent of a one-time additional quota of about 2300 dozen as a result of the two parties' agreement to commence the restraint period on November 1 rather than October 1; the initial restraint period was set for 14 months, thereby giving enhanced carryover/carry forward; and the restraint level itself was set 33% above the roll back level. The two parties do not consider this to be a "zero-growth" category in terms of any future extension of the U.S.-Hungarian bilateral.

Swing is available at 5% for Category 434; swing is built into the level for Category 645/646, but this category can be used as a "donor category" for swing into other limits. Carryover/carry forward is available at 11/6%.

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

Sincerely,

  
Robert E. Shepherd  
Minister-Counsellor

Attachment



*Textiles Division*

# Public Release

United States Department of State  
Bureau of Economic and Business Affairs  
Washington, D.C.

March 4, 1987

## UNITED STATES AND HUNGARY AMENDS BILATERAL TEXTILE AGREEMENT

The United States and Hungary exchanged notes in Budapest on January 30, 1986 and January 6, 1987, to amend their bilateral textile agreement. The text of the notes follow:

### UNITED STATES NOTE

Budapest, December 30, 1986

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Trade of the People's Republic of Hungary and has the honor to refer to the bilateral agreement in trade in wool textile products between the Government of the Hungarian People's Republic and the Government of the United States of America, with annexes, done at Budapest February 15 and 25, 1983, as amended (the Agreement). The Embassy also refers to the discussions between representatives of the Governments of the United States and Hungary in Washington, D.C., December 11, 12, 18 and 22, 1986.

The Embassy of the United States of America 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: ELIZABETH EWING (202) 647-3000

--The last sentence of paragraph 2 of the Agreement shall be amended to read as follows:

"The determination of whether a textile produce is of wool or of man-made fiber shall be made in accordance with the terms of paragraph 6."

--The paragraph 4 of the agreement shall be amended by adding the following:

(C) In the case of category 645/646, the specific limit may not be increased by the adjustment provision in sub-paragraph (A) of this paragraph. However, the specific limit for this category may be decreased to compensate for a corresponding increase in another category according to the provisions in sub-paragraph (A) of this paragraph."

Paragraph 6 of the Agreement shall be amended to read as follows:

"6. (A) For the purposes of this Agreement, textile products listed in annex A, which derive their chief characteristics from their textile components of wool, 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 man-made fiber products, are subject to this Agreement.

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

(I) 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;

(II) 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."

-The following categories shall be added to Annex A of the Agreement:

Category	Description	Conversion Factor	Unit of Measure
434	other wool coats for M and B	54	dozen

645/646      man-made fiber      36.8      dozen  
                 sweaters

--The following restraints shall be added to Annex B of the Agreement:

Category	Unit	11/1/86 12/31/87	1/01/88- 12/31/88
434	dozen	8,750	7,500
		1/01/87 12/31/87	1/01/88 12/31/88
645/646	dozen	85,000	90,100

HUNGARY NOTE

Budapest, January 6, 19

The Ministry of Foreign Trade of the Hungarian People's Republic presents its compliments to the Embassy of the United States and has the honour to refer to the Embassy's note No.710, which read as follows:

"The Embassy of the United States of America presents its compliments to the Ministry of Foreign Trade of the People's Republic of Hungary and has the honour to refer to the bilateral agreement in trade in wool textile products between the Government of the Hungarian People's Republic and the Government of the United States of America, with annexes, done at Budapest February 15 and 25, 1983, as amended /the Agreement/. The Embassy also refers to the discussions between representatives of the Governments of the United States and Hungary in Washington, D.C., December 11, 12, 18 and 22, 1986.

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

— The last sentence of paragraph 2 of the Agreement shall be amended to read as follows:

"The determination of whether a textile produce is of wool or of man-made fiber shall be made in accordance with the terms of paragraph 6."

— The paragraph 4 of the agreement shall be amended by adding the following:



/C/ In the case of category 645/646, the specific limit may not be increased by the adjustment provision in sub-paragraph /A/ of this paragraph. However, the specific limit for this category may be decreased to compensate for a corresponding increase in another category according to the provisions in sub-paragraph /A/ of this paragraph."

Paragraph 6 of the Agreement shall be amended to read as follows:

"6. /A/ For the purposes of this Agreement, textile products listed in annex A which derive their chief characteristics from their textile components of wool, 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 man-made fiber products, are subject to this Agreement.

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

/I/ 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.

/II/ 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."

- The following categories shall be added to Annex A of the Agreement:

Category	Description	Conversion Factor	Unit of Measure
434	other wool coats for M and B	54	dozen
645/646	man-made fiber sweaters	36.8	dozen

- The following restraints shall be added to Annex B of the Agreement:

Category	Unit	11/1/86 12/31/87	1/01/88- 12/31/88
434	dozen	8,750	7,500
		1/01/87 12/31/87	1/01/88 12/31/88
645/646	dozen	85,000	90,100

The Ministry of Foreign Trade has the honour 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 Embassy's note 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 Foreign Trade avails itself of the opportunity to extend to the Embassy of the United States of America assurances of its highest consideration.

Budapest, January 6, 1987

