

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1603

28 September 1989

## TARIFFS AND TRADE

---

Textile Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4

#### Amendment of the bilateral agreement between the United States and Brazil

#### Note by the Chairman

Attached is a notification received from the United States of an amendment of its agreement with Brazil. These amendments, resulting from the application of the Harmonized System, concerned the replacement of Categories 337 and 637 by new Category 237, and changes in certain administrative aspects of implementing the agreement.<sup>1</sup>

---

<sup>1</sup>The bilateral agreement is contained in COM.TEX/SB/1453.

\*English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

August 10, 1989

The Honorable  
Ambassador Marcelo Raffaelli  
Chairman, Textiles Surveillance Body  
General Agreement on Tariffs & Trade  
Rue de Lausanne 154  
1211 Geneva

Dear Ambassador Raffaelli:

Pursuant to the provisions of Article 4 of the Arrangement Regarding International Trade in Textiles, I am informing the Textiles Surveillance Body of the amendment of several bilateral textile agreements between the United States of America and other governments participating in the MFA. Each of these amendments involves an explanation as to how adoption by the United States of the harmonized commodity code (Harmonized System) will affect various administrative aspects of implementing the bilaterals. This includes in each case the merger of cotton and mmf playsuits (categories 337 and 637) into one new category (category 237). The governments involved are: Brazil, Hong Kong, Malaysia, Mexico, Sri Lanka and Romania. Copies of the notes giving effect to these agreements are attached.

Sincerely,

*Robert E. Shepherd*  
Robert E. Shepherd  
Minister Counsellor

Attachment

ANSWERED	DOC ISSUED	FILED
REC 15 AUG 1989		
For	Act.	Inf.
Director General:		
LEE	X	
OPER. DEPT. A		X
OPER. DEPT. B		



*Textiles Division*

# Public Release

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

January 6, 1989

## UNITED STATES AND BRAZIL AMEND BILATERAL TEXTILE AGREEMENT

The United States and Brazil amended their bilateral textile agreement on October 12, 1988 and November 25, 1988. Text of the notes follow:

### UNITED STATES NOTE

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of the Federative Republic of Brazil and has the honor to refer to the Arrangement Regarding International Trade in Textiles, with annexes, done at Geneva on December 20, 1973 and extended by protocols adopted respectively on December 14, 1977, December 22, 1981 and July 31, 1986, at Geneva [hereinafter referred to as the Arrangement] and to the Agreement between the Governments of the Federative Republic of Brazil and of the United States of America concerning trade in Cotton, Wool and Man-Made Fiber Textiles and Textile Products manufactured in Brazil and exported to the United States, effected by exchange of notes in Washington dated September 15, and September 19, 1988 (the Agreement), and the administrative visa arrangement effected by exchange of letters in Washington dated September 15, and September 19, 1988 (the Visa Arrangement).

As stated in a recent letter, the Government of the United States of America will implement the Harmonized Commodity Code Nomenclature on January 1, 1989. In order to facilitate successful implementation of the Harmonized System, the Acting Secretary of State would like to describe how it will affect the treatment of textile products exported from Brazil to the United States on or after January 1, 1989.

- I. All textile shipments from Brazil subject to U.S. import quotas which are exported in 1988 and which arrive in the

United States on or after January 1, 1989, will be charged to the appropriate category based on the 1988 textile category system. All quota charges for shipments exported on or after January 1, 1989 will be made according to the Harmonized System. All goods, including textile goods, entering the U.S. on or after January 1, 1989 will be subject to the duty rates applicable under the Harmonized System.

II. Non Calendar-Year "Agreement Period":

A) The Agreement provides for twelve-month non-calendar "agreement periods" that end on March 31. Last year, to facilitate the adoption of a new textile category system by the Government of the United States of America, it was agreed to divide the agreement period into two parts; the first part ended on December 31, 1987 and the second on March 31, 1988. This year it will not be necessary to split the agreement period.

B) Starting on January 1, 1989, the Government of the United States of America will automatically convert the twelve-month agreement period limits and category charges to metric units, in accordance with Annex A2 of the Agreement. The conversion factors that will be used are 0.45359237 kilograms per pound and 0.83612736 square meter per square yard.

III. With regard to the Visa System covering exports of textile products from Brazil to the United States, all goods subject to the Visa Arrangement exported on or after January 1, 1989 must be covered by a visa showing the correct Harmonized System category number and correct quantity. In addition, please note that under the Harmonized System measurements must be in metric units rather than in imperial units as provided for in annex A2 of the Agreement.

IV. All provisions of the Agreement regarding the Harmonized System will take effect January 1, 1989. In particular, Annexes A2 and B2 will be used for all goods exported on or after January 1, 1989.

V. Playsuits in categories 337 and 637:

A) Harmonized System regulations require new treatment of two-piece playsuits in categories 337 and 637 for Customs purposes. Currently, United States Customs classifies certain two piece children's garments as one garment under either category 337 or category 637. These garments are treated as an entirety because the two pieces are physically connected. A common construction of these garments is a 100 percent cotton trouser or short along with an acrylic or man-made fiber/cotton blend top. US Customs now classifies the whole garment either in 337 or 637 based on an "essential character" determination.

B) Under the Harmonized System, United States Customs must classify the tops and bottoms of these two piece garments separately for tariff and quota purposes. Breakouts in the tariff schedule are being obtained to classify such components as "imported as parts of playsuits", thereby maintaining the playsuit designation. Nevertheless one-half unit of a playsuit could be charged to category 337 and the other half unit charged to 637. This would require two separate visas for a single shipment of playsuits. In addition, United States Customs would have to charge playsuit shipments to limits in two separate categories. Currently, U.S. Customs can charge the whole unit to either 337 or 637. These difficulties could lead to problems with the current quota limits.

VI. The Acting Secretary of State has the honor to propose, in accordance with the situation described in part V above, the following amendments to the Agreement:

A) Effective January 1, 1989, Annex A2 shall be amended to delete categories 337 and 637.

B) New category 237 covers cotton and man-made fiber playsuits, sunsuits, washsuits, rompers, creepers etc., hitherto classified under old categories 337 and 637. Effective January 1, 1989, Annex A2 shall be amended to add category 237 as follows:

Category	Description	Conversion Factor to Square Meters	Unit
237	Playsuits, sunsuits, etc.	19.2	Doz

C) Effective January 1, 1989, Annex B2 of the Agreement shall be amended to delete category 337.

If the foregoing is acceptable to the Government of the Federative Republic of Brazil, then this note and a note of confirmation on behalf of the Government of the Federative Republic of Brazil shall constitute an amendment to the Agreement.

Department of State,  
Washington,

BRAZIL NOTE

Washington, D.C.  
November 25, 1988

Excellency:

I have the honor to refer to your Note of October 12, 1988 in which the then Acting Secretary of State described how the Harmonized System will affect the treatment of textile products exported from Brazil to the United States on or after January 1, 1989 and proposed that:

"A) Effective January 1, 1989, Annex A2 shall be amended to delete categories 337 and 637.

"B) New category 237 covers cotton and man-made fiber playsuits, sunsuits, washsuits, rompers, creepers etc., hitherto classified under old categories 337 and 637. Effective January 1, 1989 Annex A2 shall be amended to add category 237 as follows:

Category	Description	Conversion Factor	Unit
237	Playsuits, sunsuits, etc.	19.2	Doz

"C) Effective January 1, 1989, Annex B2 of the Agreement shall be amended to delete category 237."

2. In reference to the description of the impact of the Harmonized System on the treatment of imports of textile products from Brazil, I wish, on behalf of my Government, to reserve our rights under Article 21 of the Agreement between the Governments of the Federative Republic of Brazil and of the United States of America concerning trade in Cotton, Wool and Man-Made Fibers, Textiles and Textile Products manufactured in Brazil and exported to the United States, effected by exchange of notes in Washington, dated September 15, and September 19, 1988 (the Agreement).

3. In reference to the proposal above-referenced, I wish, on behalf of my Government, to confirm that it is acceptable and that your Note and this Note in reply constitute an amendment to the Agreement.



JOSE ARTUR DENOT MEDEIROS  
Chargé d'Affaires, a.i.