

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1605

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 Malaysia

Note by the Chairman

Attached is a notification received from the United States of an amendment of its agreement with Malaysia. 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.¹

¹The bilateral agreement previous amendment and extensions are contained in COM.TEX/SB/1118, 1166, 1182, 1332, 1333 and 1334.

*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	FILE
REC 15 AUG 1989		
For		Act. Inf.
Director General:		
TEB		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 3, 1989

UNITED STATES AND MALAYSIA AMEND BILATERAL TEXTILE AGREEMENT

The United States and Malaysia exchanged notes on November 10, 1988 and November 21, 1988 to amend their bilateral textile agreement. Text of the notes follow:

UNITED STATES NOTE

Kuala Lumpur, November 10, 1988

The Embassy of the United States of America presents its compliments to the Government of Malaysia and has the honor to refer to the bilateral agreement relating to trade in cotton, wool and man-made fiber textiles and textile products, effected by exchange of notes dated July 1 and 11, 1985 and extended by notes in Kuala Lumpur on August 3, 1987, as amended (the Agreement). The Embassy has the further honor to refer to the amendment to the Agreement effected by exchange of notes dated March 29 and April 19, 1988, concerning adoption of the Harmonized Commodity Code by the United States (the Amendment) and to the Visa System that was effected by Annex C of the Agreement (the Visa System).

The Government of the United States will implement the Harmonized Commodity Code (Harmonized System) on January 1, 1989. In order to facilitate successful implementation of the Harmonized System, the Embassy would like to take this opportunity to describe how the Harmonized System will affect textile products exported from Malaysia to the United States on or after January 1, 1989.

I. All textile shipments from Malaysia 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 unfilled 1988 quota limit. All textile shipments, whether or not subject to import quotas, that are exported in 1989 must conform to the Harmonized System standards.

II. The Agreement provides for calendar-year "Agreement Years" that end on December 31. As such, all 1988 overshipments will be charged to the applicable 1989 Harmonized System category, regardless of the arrival date.

III. With regard to the Visa System covering exports of textile products from Malaysia to the United States, all goods 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 all measurements must be in metric units rather than in imperial units as provided for in Annex A(2) of the Amendment.

IV. All provisions of the Amendment regarding the Harmonized System will take effect 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. U.S.

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 has determined that it 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.

C. But, for a playsuit, one-half unit 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 Embassy of the Government of the United States, 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 A(2) shall be amended to replace categories 337 and 637 with new category 237.

B. New category 237, which covers cotton and man-made fiber playsuits, sunsuits, washsuits, rompers, creepers, etc., hitherto classified under old categories 337 and 637 shall be added to Annex A(2) as follows:

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to Square Meters</u>	<u>Units</u>
237	Playsuits, sunsuits, etc.	19.2	DOZ

C. Effective January 1, 1989, Annex B(2) shall be amended to replace merged category 337/637 with new category 237 as follows:

<u>Category</u>	<u>Unit</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
237	DOZ	226,293	239,871	254,263

D. Paragraph 1 of the Agreement shall be amended to delete merged category 337/637.

This note and a note of confirmation on behalf of the Government of Malaysia shall constitute an Amendment (concerning playsuits) to the Agreement.

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Trade and Industry of the Government of Malaysia the renewed assurances of its highest consideration.

MALAYSIA NOTE

Kuala Lumpur, November 21, 1988

Excellency,

I have the honour to acknowledge receipt of the US Embassy's Note No. 466 dated 10th November 1988 regarding trade in textiles and textile products, under the bilateral textile agreement between Malaysia and the United States of America effected by the exchange of notes dated 1st and 11th July 1985 and extended by notes on 3rd August 1987 (hereinafter referred to as the "Agreement"). I have the further honour to refer in particular to the amendment to the Agreement effected by exchange of notes dated 29th March and 19th April 1988 concerning adoption of the Harmonised Commodity Code by the United States and the Visa System that was effected by Annex C of the Agreement (the Visa System).

2. The Government of Malaysia recognises that the Government of the United States will implement the Harmonised Commodity Code (Harmonised System) on 1st January 1989 and also has taken notes on the explanation given in

the US Embassy's Note No. 466 how the Harmonised System will affect textile products exported from Malaysia to the United States on or after 1st January 1989.

3. I have the further honour to inform you that the Government of Malaysia agrees to the proposal by the Government of the United States to amend the Annex A(2) of the Agreement to replace categories 337 and 637 (cotton and mmf playsuits, sunsuits, etc) with new category 237 effective 1st January 1989 with a conversion factor of 1.12 square meters per dozen. Accordingly, the Annex B(2) shall be amended to replace category 337/637 with new category 237 as follows:-

<u>Category</u>	<u>Unit</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
237	DOZ	226293	239871	254263

4. In accordance with the above amendment, Paragraph 3(C) of the Agreement shall be amended to delete merged category 337/637.

5. The US Embassy's Note No. 466 and this reply on behalf of my Government shall constitute an amendment to the Agreement.

6. Accept, Excellency the renewed assurances of my highest consideration.

Yours sincerely,



(ASMAT KAMALUDIN)
Deputy Secretary General II,
for Secretary General,
Ministry of Trade and Industry,
Malaysia.