

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1607

28 September 1989

## TARIFFS AND TRADE

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### Textile Surveillance Body

#### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

##### Notification under Article 4

##### Amendment of the bilateral agreement between the United States and Sri Lanka

##### Note by the Chairman

Attached is a notification received from the United States of an amendment of its agreement with Sri Lanka. 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>

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<sup>1</sup>The bilateral agreement is contained in COM.TEX/SB/1444.

\*English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

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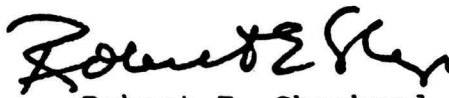
August 10, 1989

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  
Minister Counsellor

Attachment

ANSWERED	DOC ISSUED	FILED
REC 15 AUG 1989		
Director General:		Act. Inf.
T-8		X
OPER. DEPT. A		X
OPER. DEPT. B		



Textiles Division

**Public  
Release**

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

February 3, 1989

**UNITED STATES AND SRI LANKA AMEND  
BILATERAL TEXTILE AGREEMENT**

The United States and Sri Lanka exchanged notes on November 17, 1988 to amend their bilateral textile agreement. Texts of the notes follow:

**UNITED STATES NOTE**

Colombo, November 17, 1988

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka 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 bilateral textile agreement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of the United States of America effected by an exchange of notes dated May 23, 1988 and May 24, 1988 (hereinafter referred to as The Agreement).

The Embassy has the further honor to advise the Ministry of several matters related to the January 1, 1989 implementation of the harmonized system (HS) by the Government of the United States, and to propose an amendment to the bilateral textile agreement pertaining to that implementation.

In order to facilitate successful implementation of the harmonized system, the Embassy would like to describe

how the harmonized system will affect the treatment of textile products exported from Sri Lanka to the United States on or after January 1, 1989.

1. All textile shipments from Sri Lanka 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 quota charges for shipments exported on or after January 1, 1989 will be made according to the harmonized system.

2. Non-Calendar-Year "Agreement Period:"

A. The agreement provides for twelve-month, non-calendar "agreement periods" that end on June 30. 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 June 30, 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 A(2) of The Agreement. The conversion factors that will be used are 0.45359237 kilograms per pound and 0.83612736 square meters per square yard.

3. With regard to the visa system covering exports of textile products from Sri Lanka 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 all measurements must be in metric units rather than in imperial units, as provided for in Annex A(2) of The Agreement.

4. All provisions of The Agreement regarding the harmonized system will take effect January 1, 1989. In particular, Annex A(2) and Annex B(2) of The Amendment will take force.

5. 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. 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. Currently, United States customs classifies these two-piece children's garments as a single garment, because the two pieces are physically connected, and classifies the whole garment either in 337 or 637 based on an "essential character" determination. In the case of Sri Lanka, a single charge is made against merged Category 337/637 for each complete, two-part garment.

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. Nevertheless, such a classification would result in a single charge of one-half unit against merged Category 337/637 for each bottom unit and a second

one-half unit charge against that same category for each top. These difficulties could lead to problems with the current quota limits.

6. The Embassy therefore has the honor, in accordance with the situation described in Part 5. above, to propose the following amendments to The Agreement:

A. Effective January 1, 1989, Annex A(2) shall be amended to delete Categories 337 and 637.

B. Effective January 1, 1989, Annex A(2) shall be amended to add Category 237 as noted below. New Category 237 covers cotton and man-made fiber playsuits, sunsuits, washsuits, rompers, creepers, etc., hitherto classified under old Categories 337 and 637.

CATEGORY	DESCRIPTION	CONVERSION FACTOR TO SQUARE METERS	UNIT
237	Playsuits, Sunsuits, etc	19.2	Doz

Paragraph 4. of The Agreement shall be amended to delete merged Category 337/637.

Annex B(2) shall be amended by substitution of Category 237 for merged Category 337/637. The specific limit for Category 237 for each respective period shall remain as listed in The Agreement for Category 337/637.

Upon implementation of this amendment, each two-part playsuit formerly classified under merged Category 337/637 will result in a single charge against new Category 237. All visas for such goods exported on or after January 1, 1989, must be issued as Category 237.

The intent of this classification change on the part of the Government of the United States of America is solely to align the current category system with the harmonized system; it is not to diminish or alter overall trade in textiles and apparel with Sri Lanka. This amendment does not affect any of the limits on specific categories agreed to by the two governments in the annexes to The Agreement.

If the foregoing is acceptable to the Government of the Democratic Socialist Republic of Sri Lanka, this note and the Ministry's note of confirmation shall constitute an amendment to The Agreement concerning the classification of playsuits.

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka the assurances of its highest consideration.



The Embassy of the United States of America,  
Colombo, November 17, 1988.

SRI LANKA NOTE

Colombo, December 27, 1988

The Ministry of Foreign Affairs of the Government of the Democratic Socialist Republic of Sri Lanka presents its compliments to the Embassy of the United States of America and has the honour to refer to the TPN number 363 of November 17, 1988 proposing an amendment to the Bilateral Textile Agreement between Sri Lanka and the United States of America as a result of the implementation of the Harmonised System(HS) by the Government of the United States of America with effect from 1.1.1989.

The Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka confirms the acceptance by the Government of Sri Lanka of the proposed amendment as detailed in that Note pertaining to the implementation of the Bilateral Textile Agreement under reference.

The Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka avails itself of the opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

Colombo. 27th December, 1988

The Embassy of the United States  
of America,  
Colombo.