

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1910/Add.1^{*}
7 July 1992

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification of an 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 Article 4 agreement with Hungary in order to¹ bring the agreement into conformity with the Harmonized Commodity Code.¹

¹The agreement, previous amendments and extensions are contained in COM.TEX/SB/864, 972, 1063, 1194, 1301, 1321, 1440, 1449 and 1501. See also TEX.SB/1910.

^{*}English only/Anglais seulement/Inglés solamente

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1202 GENEVA, SWITZERLAND
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The Honorable
Ambassador Marcelo Raffaeli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs and Trade
Rue de Lausanne 154
1211 Geneva

Attached hereto are copies of notes exchanged in 1988 to effect amendments to the US - Hungarian bilateral textile agreement in order to bring the agreement into conformity with the Harmonized Commodity Code.

LES
Robert E. Shepherd
Minister Counsellor

133 JUL 1952

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Textiles Division

Public Release

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

August 5, 1988

UNITED STATES AND HUNGARY AMEND BILATERAL TEXTILE AGREEMENT

The United States and Hungarians exchanged notes in Budapest on May 25 and June 17, 1988, to amend their Bilateral Textile Agreement. Text of the notes follows:

UNITED STATES NOTE

Budapest, May 25, 1988

The Embassy of the United States presents its compliments to the Ministry of Trade of the People's Republic of Hungary and has the honor to refer to The Arrangement Regarding International Trade in Textiles (The Arrangement) and to the bilateral agreement between the Government of United States of America, and the Government of the Hungarian People's Republic relating to trade in cotton, wool and man-made fiber textiles and textile products, with annexes, effected by exchange of notes done at Budapest dated February 15 and 25, 1983, as amended (The agreement). The Embassy also refers to discussions between representatives of the Government of the United States and Hungary during January 22 and 23, 1988. And further refers to Note 624 of December 15, 1987: This note supersedes and replaces Note 624.

The Embassy of the United States has the honor to propose, on

For more
information
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EB/TEX: John McCaslin (202) 647-0304

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behalf of the Government of the United States of America,
that The Agreement be amended as follows. These changes will
be necessary in order to bring the bilateral agreement into
conformity with the Harmonized Commodity Code (HCC).

I. The following changes shall be made to Annexes A and B.

A. Effective January 1, 1988, Annex A of The Agreement is
replaced by Annex A (1) below. Annex A (1) will remain in
effect until the Government of the People's Republic of
Hungary is otherwise notified by the Government of the United
States of America.

Annex A (1)

Interim HCC Listings

(Effective January 1, 1988)

Category	Description	Conversion Factor	Units
	To square Yards		
	YARN		
COTTON			
300	Carded yarns	4.6	LB
301	Combed yarns	4.6	LB
	FABRIC		
WOOL			
410	Woven fabrics of Wool	1.0	SYD
	APPAREL		

WOOL

433	M and B Suit-type Coats	36.0	DOZ
434	Other M and B Coats	54.0	DOZ
435	W, G and I Coats	54.0	DOZ
442	Skirts	18.0	DOZ
443	M and B Suits	4.5	NOS
444	W, G and I Suits	4.5	NOS
445	M and B Sweaters	14.88	DOZ
446	W, G and I Sweaters	14.88	DOZ
448	W, G and I Trousers, Slacks and Shorts	18.0	DOZ

Man-Made Fiber

645	M and B Sweaters	36.8	DOZ
646	W, G and I Sweaters	36.8	DOZ

B. Effective on January 1, 1988, Annex B of The Agreement shall be replaced by Annex B (1) below.

ANNEX B (1)

Limits Under New Category System

Category	Unit 1988	1989	1990	1991
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YARN

COTTON

300/301 LBS:2,500,000 2650,000 2,809,000 2,977,540

FABRIC

WOOL

410 SYD 1,000,000 1,010,000 1,020,100 1,030,301

APPAREL

WOOL

433 DZ 7,725 7,802 7,880 7,959

434 DZ 7,500 7,575 7,651 7,726

435 DZ 10,145 10,246 10,348 10,451

442 DZ 21,000 (A) 18,180 18,362 18,545

443 NOS 88,188 89,064 89,952 90,852

444 NOS 62,652 63,276 63,912 64,548

445/

446(B) DZ 41,212 41,624 42,040 42,461

448 DZ 19,772 19,970 20,170 20,372

Man-Made Fiber

645/

646 DZ 90,100 95,506 101,236 107,310

(A) Level is for the period 11/1/87 to 12/31/88

(B) Not more than 75 percent of the specific limits noted for category 445/446 above may be utilized in either part of the merged category in any agreement period.

III. Upon notification by the United States that it has adopted the Harmonized Commodity Code (HCC), paragraphs 2 and 6 shall be immediately amended by substituting the following language:

"2. Textiles and textile products covered by this Agreement and the rates of conversion into square meters equivalent are those listed in Annex A (2). Tops, yarns, piece goods, made-up articles, garments and other textile manufactured products, (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blend thereof, in which any or all of those fibers in combination represent the chief weight of the product, are subject to this Agreement. Components of an article which are not considered relevant to the classification under the general rules of interpretation of the legal notes to section XI of the Harmonized System, are likewise to be disregarded here. The determination of whether a textile product is of wool, cotton or man-made fiber shall be made in accordance with the terms of paragraph 6."

"6. For the purposes of this Agreement, textile products covered by this paragraph be classified as:

(I) Cotton textiles if the product is in chief weight of cotton, or if cotton with wool and/or man-made fibers in the aggregate equals or exceeds 50 percent by weight of the

component fibers thereof and the cotton component equals or exceeds the weight of each of total wool and/or man-made fiber components unless:

(A) The product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(II) Wool textiles, if the product is in chief weight of wool, or in the case of products which are chief weight of silk or non-cotton vegetable fibers, wool exceeds 17 percent by weight of all fibers.

(III) Man-made fiber textiles, if the product is in chief weight of man-made fibers, or if the man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the man-made fiber component exceeds the weight of the total wool and/or cotton component, unless:

(A) The product is knitted or crocheted apparel in which wool equals or exceeds 23 percent by weight of all fibers, in which case the product will be a wool textile;

(B) The product is apparel, not knitted or crocheted, in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile;

(C) The product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibres, in which case the product will be a wool textile. Coverage under this paragraph is intended to be identical with the terms of Article 12 of The Arrangement Regarding

International Trade in Textiles and in conformance with paragraph 24 of the July 31, 1987, protocol of extension.

In the event of a question regarding whether a product is covered by this agreement by virtue of being in chief weight of cotton, wool, or man-made fiber the chief value of the fibers may be considered.

IV. Upon adoption of the complete Harmonized System (HCC) by the United States of America, Annex A (1) will be replaced by Annex A (2) below and Annex B (1) will be replaced by Annex B (2) below.

Annex A (2)

HCC Listings

(Enters into effect upon congressional approval)

Category	Description	Conversion Factor Unit
		to square meters

YARN

COTTON

300	Carded Yarns	8.5	KG
301	Combed Yarn	8.5	KG

FABRICS

WOOL

410	Woven fabrics containing 36 percent or more by weight wool	1.0	M2
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APPAREL

WOOL

433	M and B Suit-type coats	30.1	DOZ
434	Other M and B coats	45.1	DOZ
435	W and G coats	45.1	DOZ
442	Skirts	15.0	DOZ
443	M and B suits	3.76	NOS
444	W and G suits	3.76	NOS
445	M and B sweaters	12.4	DOZ
446	W and G sweaters	12.4	DOZ
448	W and G trousers, slacks and shorts	15.0	DOZ

MAN-MADE FIBER

645	M and B sweaters	30.8	DOZ
646	W, G, and I sweaters	30.8	DOZ

Annex B'2

Limits under the Harmonized Code

Category	Unit	1988	1989	1990	1991
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YARN

COTTON

300/

301	KG	1,133,981	1,202,020	1,274,141	1,350,589
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FABRIC

WOOL

410	M2	836,127	844,489	852,934	861,463
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APPAREL

WOOL

433	DZ	8,025	8,105	8,186	8,268
434	DZ	7,500	7,575	7,651	7,726
435	DZ	13,287	13,420	13,554	13,690
442	DOZ	21,000(A)	18,180	18,362	18,545
443	NOS	84,588	85,434	86,288	87,151
444	NOS	24,948	25,197	25,449	25,703
445/					
446 (B)	DZ	41,212	41,624	42,040	42,461
448	DZ	19,937	20,163	20,337	20,540

Man-Made Fiber.

645/

646	DZ	90,100	95,506	101,236	107,310
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(a) Level is for the period 11/ 1/87 to 12/31/88

(B) Not more than 75 percent of the specific limits noted for category 445/446 above may be utilized in either part of the merged category in any agreement period.

In accordance with paragraph 18 of the 1986 protocol of extension, the United States Government also reaffirms its willingness to consult promptly with the Government of Hungary regarding any questions of implementation of interpretation which may arise as a result of the conversion to the HCC. The United States Government also reaffirms that these changes are intended to be trade neutral and that they are not intended to alter the ability of Hungary to use or benefit fully from the bilateral textile agreement.

V... If these proposals are acceptable to Government of the People's Republic of Hungary, then this note and the note of confirmation of the Government of the People's Republic of Hungary, shall constitute an amendment to The Agreement between our two governments.

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The Embassy of the United State of America takes this opportunity to present to the Ministry of Trade of the Hungarian People's Republic the assurances of its highest consideration.

Embassy of the United States of America,

Budapest, May 25, 1988.

HUNGARIAN NOTE

No. 779

Budapest, June 17, 1988

The Ministry of Trade of the Hungarian People's Republic presents its compliments to the Embassy of the United States of America in Budapest and has the honour to refer to the Embassy's note No. 058 dated May 25, 1988 which reads as follows:

"The Embassy of the United States presents its complements to the Ministry of Trade of the People's Republic of Hungary and has the honor to refer to The Arrangement Regarding International Trade in Textiles ~~The Arrangement /and to the bilateral agreement of the People's Republic of Hungary and the United States of America~~ Republic relating to trade in cotton, wool and man-made fiber textiles and textile products, with annexes, effected by exchange of notes done at Budapest dated February 15 and 25, 1983, as amended /The Agreement/. The Embassy also refers to discussions between representatives of the Government of the United States and Hungary during January 22 and 23, 1988. And further refers to Note 624 of December 15, 1987: This note supersedes and replaces Note 624.

The Embassy of the United States has the honor to propose, on behalf of the Government of the United States of America, that The Agreement be amended as follows. These changes will be necessary in order to bring the bilateral agreement in to conformity with the Harmonized Commodity Code /HCC/.

I. The following changes shall be made to Annexes A and B.

A. Effective January 1, 1988. Annex A of The Agreement is replaced by Annex A/1/ below. Annex A/1/ will remain in effect until the Government of the People's Republic of Hungary is otherwise notified by the Government of the United States of America.

Interim HCC Listings

/Effective January 1, 1988/

Category	Description	Conversion Factor To Square Yards	Units
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YARN

COTTON

300	Carded yarns	4.6	LB
301	Combed yarns	4.6	LB

FABRIC

WOOL

410	Woven fabrics of wool	1.0	SYD
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APPAREL

WOOL

433	M and B Suit-type Coats	36.0	DOZ
434	Other M and B Coats	54.0	DOZ
435	W, G and I Coats	54.0	DOZ
442	Skirts	18.0	DOZ
443	M and B Suits	4.5	NOS
444	W, G and I Suits	4.5	NOS
445	M and B Sweaters	14.88	DOZ
446	W, G and I Sweaters	14.88	DOZ
448	W, G and I Trousers	18.0	DOZ
	Slacks and Shorts		

Man-Made Fiber

645	M and B Sweaters	36.8	DOZ
646	W, G and I Sweaters	36.8	DOZ

B. Effective on January 1, 1988, Annex B of The Agreement shall be replaced by Annex B /1/ below.

Annex B /1/

Limits Under New Category System

Category	Unit	1988	1989	1990	1991
YARN					
COTTON					
300/301	LBS:	2,500,000	2,650,000	2,809,000	2,977,540
FABRIC					
WOOL					
410	SYD	1,000,000	1,010,000	1,020,100	1,030,301
APPAREL					
WOOL					
433	DZ	7,725	7,802	7,880	7,959
434	DZ	7,500	7,575	7,651	7,726
435	DZ	10,145	10,246	10,348	10,451
442	DZ	21,000	/A/ 18,180	18,362	18,545
443	NOS	88,188	89,064	89,952	90,852
444	NOS	62,652	63,276	63,912	64,548
445/					
446 /B/	DZ	41,212	41,624	42,040	42,461
448	DZ	19,772	19,970	20,170	20,372
Man-Made Fiber					
645/					
646	DZ	90,100	95,506	101,236	107,310

/A/ Level is for the period 11/1/87 to 12/31/88

/B/ Not more than 75 percent of the specific limits noted for category 445/446 above may be utilized in either part of the merged category in any agreement period.

III. Upon notification by the United States that it has adopted the Harmonized Commodity Code /HCC/, paragraphs 2 and 6 shall be immediately amended by substituting the following language:

"2. Textiles and textile products covered by this Agreement and the rates of conversion into square meters equivalent are those listed in Annex A /2/. Tops, yarns, piece goods, made-up articles, garments and other textile manufactured products, /being products which derive their chief characteristics from their textile components/ of cotton, wool, man-made fibers, or blend thereof, in which any or all of those fibers in combination represent the chief weight of the product, are subject to this Agreement. Components of an article which are not considered relevant to the classification under the general rules of interpretation of the legal notes to section XI of the Harmonized System, are likewise to be disregarded here. The determination of whether a textile product is of wool, cotton or man-made fiber shall be made in accordance with the terms of paragraph 6."

"6. For the purposes of this Agreement, textile products covered by this paragraph shall be classified as:

/I/ Cotton textiles if the product is in chief weight of cotton, or if cotton with wool and/or man-made fibers in the aggregate equals or exceeds 50 percent by weight of the component fibers thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components unless:

/A/ The product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

/II/ Wool textiles, if the product is in chief weight of wool, or in the case of products which are chief weight of silk or non-cotton vegetable fibers, wool exceeds 17 percent by weight of all fibers.

/III/ Man-made fiber textiles, if the product is in chief weight of man-made fibers, or if the man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the man-made fiber component exceeds the weight of the total wool and/or cotton component, unless:

/A/ The product is knitted or crocheted apparel in which wool equals or exceeds 23 percent by weight of all fibers, in which case the product will be a wool textiles:

/B/ The product is apparel, not knitted or crocheted, in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile:

/C/ The product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

Coverage under this paragraph is intended to be identical with the terms of Article 12 of The Arrangement Regarding International Trade in Textiles and in conformance with paragraph 24 of the July 31, 1987. protocol of extension.

In the event of a question regarding whether a product is covered by this agreement by virtue of being in chief weight of cotton, wool, or man-made fiber the chief value of the fibers may be considered.

/IV/ Upon adoption of the complete harmonized system /Hos/ by the United States of America, Annex A /1/ will be replaced by Annex A /2/ below and Annex B /1/ will be replaced by Annex B /2/ below.

Annex A /2/

HCC Listings

/Enters into effect upon congressional approval/

Category	Description	Conversion Factor Unit to square meters
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- 17 -

YARN

COTTON

300	Carded Yarns	8.5	KG
301	Combed Yarns	8.5	KG

FABRICS

WOOL

410	Woven fabrics containing 36 percent or more by weight wool	1.0	M2
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APPAREL

WOOL

433	M and B Suit-type coats	30.1	DOZ
434	Other M and B coats	45.1	DOZ
435	W and G coats	45.1	DOZ
442	Skirts	15.0	DOZ
443	M and B suits	3.76	NOS
444	W and G suits	3.76	NOS
445	M and B sweaters	12.4	DOZ
446	W and G sweaters	12.4	DOZ
448	W and G trousers, slacks and shorts	15.0	DOZ

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MAN-MADE FIBER

645	M and B sweaters	30.8	DOZ
646	W, G, and I sweaters	30.8	DOZ

Annex B 2

Limits under the Harmonized Code

Category	Unit	1988	1989	1990	1991
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YARN

COTTON

300/

301	KG	1,133,981	1,202,020	1,274,141	1,350,589
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FABRIC

WOOL

410	M2	836,127	844,489	852,934	861,463
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APPAREL

WOOL

433	DZ	8,025	8,105	8,186	8,268
434	DZ	7,500	7,575	7,651	7,726
435	DZ	13,287	13,420	13,554	13,690
442	DOZ	21,000/A/	18,180	18,362	18,545
443	NOS	84,588	85,434	86,288	87,151
444	NOS	24,948	25,197	25,449	25,703
445/					
446 /B/	DZ	41,212	41,624	42,040	42,461
448	DZ	19,937	20,163	20,337	20,540

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Man-Made Fiber

645/

646 DZ 90,100 95,506 101,236 107,310

/a/ Level is for the period 11/1/87 to 12/31/88

/B/ Not more than 75 percent of the specific limits noted for category 445/446 above may be utilized in either part of the merged category in any agreement period.

In accordance with paragraph 18 of the 1986 protocol of extension, the United States Government also reaffirms its willingness to consult promptly with the Government of Hungary regarding any questions of implementation of interpretation which may arise as a result of the conversion to the HCC. The United States Government also reaffirms that these changes are intended to be trade neutral and that they are not intended to alter the ability of Hungary to use or benefit fully from the bilateral textile agreement.

V. If these proposals are acceptable to the Government of the People's Republic of Hungary, then this note and the note of confirmation of the Government of the People's Republic of Hungary, shall constitute an amendment to The Agreement between our two governments.

The Embassy of the United States of America takes this opportunity to present to the Ministry of Trade of the Hungarian People's Republic the assurances of its highest consideration.

Embassy of the United States of America,

Budapest, May 25, 1988."

The Ministry of Trade has 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 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 Trade of the Hungarian People's Republic takes this opportunity to present to the Embassy of the United States of America the assurances of its highest consideration.

Budapest, June 17, 1988

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