

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1926\*

8 July 1992

## TARIFFS AND TRADE

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Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Extension and modification of the bilateral agreement  
between the United States and Egypt

Note by the Chairman

Attached is a notification received from the United States of an extension with modifications of its<sup>1</sup> agreement with Egypt for the period 1 January 1992 to 31 December 1993.

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<sup>1</sup>The agreement and a previous extension are contained in COM.TEX/SB/1397 and 1568.

\*English only/Anglais seulement/Inglés solamente



**UNITED STATES TRADE REPRESENTATIVE**

1-3 AVENUE DE LA PAIX  
1202 GENEVA, SWITZERLAND

June 26, 1992

The Honorable  
Ambassador Marcelo Raffaelli  
Chairman, Textiles Surveillance Body  
General Agreement on Tariffs and Trade  
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 a two-year extension (1/1/92 - 12/31/93), with modifications to consolidate all earlier amendments into a single text, of the bilateral textile agreement between the Government of the United States of America and the Government of Egypt.

Copies of the notes effecting this extension are enclosed. Additional data to facilitate preparation of a fact sheet will be provided separately.

Sincerely,

Robert E. Shepherd  
Minister Counsellor

enclosure

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**MINISTER OF ECONOMY  
AND FOREIGN TRADE**

9 June, 1992

His Excellency  
Robert H. Palletreau  
Ambassador of the United States of America  
Cairo

Excellency

I have the honor to refer to your diplomatic note no.315 dated March 15, 1992 concerning the amendments to the agreement between the government of the United States of America and the government of the Arab Republic of Egypt regarding trade in cotton and certain man made fiber textiles and textile products which was initiated on October 12-14, 1991.

I have the honor to inform your Excellency that the proposal stated in your diplomatic note No.315, is acceptable to my government, and agree that your note and this note in reply will constitute an agreement between our two governments.

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

Sincerely

*Y. A. Moustafa*

Dr. Yousri Ali Moustafa

Minister of Economy and Foreign Trade

EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 315

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Arab Republic of Egypt, as extended by protocols adopted respectively on December 17, 1977, December 22, 1981, July 31, 1986, and July 31, 1991 at Geneva, (hereinafter known as the Arrangement), and to the Agreement between the Government of the Arab Republic of Egypt and the Government of the United States of America Concerning Trade in Cotton, and Certain Man-made Fiber Textiles and Textile Products, established by exchange of notes dated December 7, 1977 and December 28, 1977, as amended (hereinafter known as the Agreement). The Embassy of the United States America has the further honor to refer to discussions between representatives of the Government of the Arab Republic of Egypt and the Government of the United States of America held in Washington, D.C., October 12-14, 1991.

The Embassy of the United States, in accordance with the consultations mentioned above, has the privilege to propose that the Agreement between the Arab Republic of Egypt and the United States of America Concerning Trade in Cotton and

Certain Man-made Fiber Textiles and Textile Products, be amended, standardized, consolidated, and made consistent with the Memorandum of Understanding to extend the Agreement initialed on October 12-14, 1991, to read as follows:

Agreement Term

1. (A) The term of this agreement shall be the period from January 1, 1992 through December 31, 1993. Each "Agreement Period" or "Agreement Year" shall be a twelve-month period from January first of a given year to December thirty-first of the same year.

(B) Either government may request consultations with a view to bringing the provisions of this agreement and any subsequent amendment thereof into conformity with the Arrangement (and any extension thereof) or with any subsequent international regime for textile trade modifying, extending or replacing the Arrangement.

Coverage of Agreement and Classification by Fiber

2. The textiles and textile products covered by this agreement are those summarized in Annex A. The system of categories and the rates of conversion into square meters equivalent (SME) listed in Annex A shall apply in implementing this agreement.

Classification

3. (A) 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 and man-made fibers in which any or all of these 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 or the legal notes to Section XI of the Harmonized System are likewise to be disregarded here.

(B) For the purposes of this agreement, textile products covered by Sub-Paragraph (A) above shall be classified as:

(1) cotton textiles if the product is in chief weight of cotton, unless the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product shall be a wool textile and not subject to this agreement.

(2) Man-made fiber textiles, if the product is in chief weight of man-made fibers, 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 shall be a wool textile and not subject to this agreement; or,

(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 shall be a wool textile and not subject to this agreement.

(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 shall be a wool textile and not subject to this agreement.

(3) silk or non-cotton vegetable fiber textiles, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fiber, unless:

(a) cotton with wool and/or man-made fibers in the aggregate equal or exceed 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, in which case the product shall be a cotton textile.

(b) if not covered by (3) (a) and wool exceeds 17 percent by weight of all component fibers, in which case the product shall be considered a wool textile and not subject to this agreement.

(c) if not covered by (3) (a) or (b) and man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 per cent by weight of the component fibers thereof and the man-made fiber component

exceeds the weight of the total wool and/or total cotton component, in which case the product shall be considered a man-made fiber textile.

(d) Notwithstanding the above, garments which contain 70 percent or more by weight silk (unless they also contain over 17 percent by weight wool), and products other than garments which contain 85 percent or more by weight silk, are not subject to this agreement. Silk and non-cotton vegetable fiber sweaters, as determined above, shall be divided into "silk" sweaters and "non-cotton vegetable fiber" sweaters. For the purpose of this division, sweaters shall be classified as "silk" if the silk component exceeds by weight the non-cotton vegetable fiber component (if any). Sweaters not classified as "silk" sweaters, in accordance with the foregoing, shall be classified as "non-cotton vegetable fiber" sweaters.

(e) coverage under this paragraph is intended to be identical with the terms of Article 12 of the Arrangement and in conformance with Paragraph 24 of the July 31, 1986, 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, man-made fiber, silk, or non-cotton vegetable fiber, the chief value of the fibers may be considered.



4. For the purposes of this agreement, the categories listed below are merged and treated as single categories as indicated:

CATEGORIES MERGED	DESIGNATION IN AGREEMENT	SUB- CATEGORY	CONVERSION FACTOR
300, 301	300/301	301	8.5

Flexibility Adjustments

5. (A) Swing

(1) The group and specific limits set out in Annex B do not include any adjustments permitted under Paragraph 5.

(2) During any Agreement Period, the group and specific limits set out in Annex B may be increased by not more than 6 percent swing provided that a corresponding reduction in square meters equivalent is made in one or more specific limits during the same Agreement Year. With respect to merged categories (e.g. 300/301) Any swing adjustment shall increase or decrease the sub-limits within the merged limit by the same proportion as the merged limit.

(3) No swing is available among categories within a merged category.

(4) Sub-limits within the fabric group (218-326) may be increased by not more than six (6) percent swing,

provided that a corresponding reduction in square meters equivalent is made in one or more specific limits during the same Agreement Year. Adjustments to any of the sub-limits shall increase or decrease the group limit in square meters equivalent.

(5) No specific limit may be decreased pursuant to Paragraph 5(A)(1) to a level which is below the level of exports charged against that category's limit for that Agreement Year.

(6) The Government of the Arab Republic of Egypt shall indicate to the Government of the United States the specific limits or sub-limits it would like increased and those which it would like decreased by commensurate quantities in square meters equivalent.

(B) Carryover and Carryforward

(1) The extent to which any group or specific limit set out in Annex B may be increased in any Agreement Period by carryforward (borrowing a portion of the corresponding group or specific limit from the succeeding Agreement Period) and/or carryover (the use of any unused yardage ((shortfall)) of the corresponding group or specific limit for the previous Agreement Period) is 11 percent, of which carryforward shall not constitute more than 6 percent.

(2) No carryover shall be available for application in the first Agreement Period. No carryforward

shall be available for application in the final Agreement Period. Carryover shall be available between the 1991 and 1992 Agreement Years.

(C) For the purposes of the Agreement, a shortfall occurs when exports of textiles or textile products of the Arab Republic of Egypt to the United States during any Agreement Period are below any specific limit as set out in Annex B (or, in the case of any limit decreased pursuant to Paragraph 5, when such exports are below the limit as decreased).

(D) The Government of the Arab Republic of Egypt shall notify the Government of the United States when it wishes to use unused meterage (shortfall) available in categories for carryover, or for use by other categories for saving, subject to the provisions set out above. However, the Government of the United States may supply adjustments under this section to any specific limit whenever that adjustment appears appropriate to facilitate the flow of trade and the sound administration of the Agreement. To the extent that such adjustments are actually utilized, they will be implemented by means of carryover and carryforward, in that order. Any unused carryforward will be re-credited to the following period's limit. This procedure shall not prejudice the outcome of any consultations that may be held between our governments concerning the amounts of available carryover and carryforward.

Consultation Mechanism

6. (A) In the event that the Government of the United States believes that imports of textile and apparel products of the Arab Republic of Egypt listed in Annex A to this agreement and not subject to specific limits under this agreement are, due to market disruption or the real risk of market disruption, threatening to impede the orderly development of trade between the two countries, the Government of the United States may request consultations with the Government of the Arab Republic of Egypt with a view to easing or avoiding such market disruption or the real risk thereof. The Government of the United States shall provide the Government of the Arab Republic of Egypt, at the time of the request, with a statement of reasons and justifications for its request for consultations, which in the view of the Government of the United States demonstrates:

(1) the existence or the real risk of market disruption; and,

(2) the role of products of the Arab Republic of Egypt in that disruption or real risk thereof.

(B) The Government of the Arab Republic of Egypt agrees to consult with the Government of the United States within 30 days of receipt of the request for consultations. Both sides agree to make every effort to reach agreement on a mutually satisfactory solution of the issue within 90 days of the receipt of such request, unless extended by mutual agreement.

(C) (1) Upon receipt of the request for consultations, and for the period remaining in the Agreement Year in which the request is made, the Government of the Arab Republic of Egypt agrees to hold its shipments to the United States of textiles or textile products in the category or categories subject to those consultations to a level no greater than twenty (20) percent above the amount entered, as reported in U.S. General Import Statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, prorated for the amount of time remaining in the year.

(2) Where three or fewer months remain in an Agreement Year at the time of the request for consultations, upon receipt of the request for consultations, the Government of the Arab Republic of Egypt agrees to hold its shipments to the United States of textiles or textile products of Egypt in the category or categories subject to those consultations for the remaining period of the agreement year plus the subsequent year to a level no greater than twenty (20) percent above the amount entered, as reported in U.S. General Import Statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, prorated for the remaining period of the Agreement Year plus the subsequent year.

(D) If no mutually satisfactory solution is reached during the 90-day consultation period, consultations shall continue and the Government of the United States may continue the limits for textiles or textile products in the category

or categories subject to these consultations for the duration of the Agreement.

(E) (1) The first term of any restraint limit established under the preceding sub-paragraph shall be effective for the period beginning on the date of the request for consultations and ending on the last day of the Agreement Year in which the restraint limit was established, or where three or fewer months remained in the Agreement Year at the time of the request for consultations, for the period ending on the last day of the subsequent year.

(2) For each remaining Agreement Year any restraint limit established under this provision shall be increased by six (6) percent annual growth per year. The successive restraint limits shall have any available swing, carryover or carryforward as provided for specific limits under Paragraph 5 of this agreement (but only within the group in which the restraint limit is established). Carryover shall not be available in the first of the remaining Agreement Years.

~~Overshipment Charges~~  
*Overshipment Charges*

7. (A) Products of the Arab Republic of Egypt shipped in excess of authorized limits in any Agreement Period may be denied entry into the United States. Any such shipment denied entry may be permitted into the United States and charged to the applicable limit in the succeeding Agreement Period.

(B) Products of the Arab Republic of Egypt shipped in excess of applicable limits in any Agreement Period shall, if allowed entry into the United States during that Agreement Period, be charged to the applicable limit in the succeeding Agreement Period.

(C) Any action taken pursuant to Sub-Paragraph 7(A) and 7(B) above, shall not prejudice the rights of the other side regarding consultations.

#### Spacing Provisions

8. The Government of the Arab Republic of Egypt shall use its best efforts to space exports of its products to the United States within each category, sub-category or part category evenly throughout each Agreement Period, taking into consideration normal seasonal factors.

#### U.S. Assistance in Implementation of the Limitation Provisions

9. The Government of the Arab Republic of Egypt shall administer its export control system under the Agreement. The Government of the United States may assist the Government of the Arab Republic of Egypt in implementing the limitation provisions of this agreement by controlling, by the date of export, imports of textiles and textile products covered by this agreement.

Commercial Samples and Personal Shipments

10. Properly marked commercial samples, valued at \$250 or less, and items for the personal use of the importer and not for resale, regardless of value, need not be accompanied by an export visa or certification and shall not be subject to the limits established under this agreement.

Exchange of Information

11. Subject to domestic laws, at the request of the other government, each government agrees to supply any information within its possession reasonably believed to be necessary for the enforcement of this agreement.

Exchange of Data

12 (A) The Government of the United States shall promptly *supply the Government of the Arab Republic of Egypt* ~~supply the Government of the Arab Republic of Egypt~~ with data on monthly imports of cotton, and certain man-made fiber textiles and textile products of the Arab Republic of Egypt into the United States.

(B) The Government of the Arab Republic of Egypt shall promptly supply the Government of the United States with data on monthly exports of cotton, man-made fiber, textiles and textile products of the Arab Republic of Egypt to the United States.



Cooperation in the Prevention  
of Circumvention

13. (A) The Government of the United States of America and the Government of the Arab Republic of Egypt shall cooperate to prevent circumvention of the Agreement.

(B) Subject to domestic laws, the competent authorities of the Arab Republic of Egypt shall cooperate with the competent authorities of the United States in ensuring that the Agreement is not circumvented by transshipment, re-routing, misdescription, underinvoicing or by whatever means. To this end, the competent authorities of the Arab Republic of Egypt and those of the United States shall assist each other:

(1) in securing documents, correspondence and reports considered relevant to investigations;

(2) by providing for plant visits and inspections, whether by prior notification or impromptu, by authorized personnel; and

(3) by facilitating personal interviews designed to ascertain needed facts.

(C) Where information available to the Government of the United States or the Government of the Arab Republic of Egypt, as a result of investigations, constitutes evidence that products subject to this agreement have been

transshipped, rerouted, misdescribed, underinvoiced or otherwise traded in circumvention of this agreement, either government may request consultations, with a view to invoking penalties beyond an equivalent adjustment of the corresponding agreed levels established under this agreement, as appropriate. Such consultation shall take place and be concluded within 120 days of such request.

Mutually Satisfactory

Administrative Arrangements

14. Mutually satisfactory administrative arrangements or adjustments *be made to resolve minor problems arising in* may be made to resolve minor problems arising in the implementation of this agreement, including differences in points of procedure or operation.

Consultation on Implementation Questions

15. The Government of the United States and the Government of the Arab Republic of Egypt each agree to consult upon the request of the other on any question arising in the implementation of this agreement.

Right to Propose Revisions to the Agreement

16. The Government of the United States and the Government of the Arab Republic of Egypt may, at any time, propose revisions to the terms of this agreement. Each agrees to

consult promptly with the other about such proposals or to take such other appropriate action as may be mutually agreed upon.

Consultations in Case of Inequity

Vis-a-Vis a Third Country

17. If the Government of the Arab Republic of Egypt considers that, as a result of limitations specified in this agreement, it is being placed in an inequitable position in relation to a third country, the Government of the Arab Republic of Egypt may request consultations with the Government of the United States with a view to taking appropriate remedial actions, such as a reasonable modification of this agreement.

Reservation of Rights

18. The Government of the United States and the Government of the Arab Republic of Egypt each reserve their rights under the Arrangement with respect to textiles and textile products not subject to this agreement.

Right to Terminate the Agreement

19. Either government may terminate this agreement, effective at the end of an Agreement Period, by written notice to the other government, to be given at least 90 days prior to the end of such Agreement Period.

If the foregoing conforms with the understanding of the Government of the Arab Republic of Egypt, this note and the note of acceptance shall constitute an agreement between the Government of the Arab Republic of Egypt and the Government of the United States of America.

The Embassy of the United States of America avails itself of the opportunity to express to the Ministry of Foreign Affairs of the Arab Republic of Egypt the assurances of its highest consideration.

Enclosures: Annex A: Textiles and textile products  
covered by the Agreement.  
Annex B: Specific limits

Embassy of the United States of America,  
Cairo, March 15, 1992.



DRAFTED: ECON:MSpirna  
CLEARED: EMIN:GPBalabanis  
APPROVED: DCM:MEgan

# ANNEX A

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>CONVERSION FACTOR TO SQUARE METERS</u>	<u>UNIT</u>
<u>YARN</u>			
200	YARNS PUT UP FOR RETAIL SALE, AND SEWING THREAD, COTTON, WOOL AND MAN-MADE FIBER	6.6	KG.
201	OTHER YARNS, C&MMF	6.5	KG.
300	CARDED YARNS, COTTON	8.5	KG.
301	COMBED YARNS, COTTON	8.5	KG.
<u>FABRIC</u>			
218	YARNS OF DIFFERENT COLORS, C&MMF	1.0	M2
219	DUCK, C&MMF	1.0	M2
220	FABRIC OF SPECIAL WEAVE, C&MMF	1.0	M2
222	KNIT FABRIC, C&MMF	12.3	KG.
223	NON-WOVEN FABRICS, C&MMF	14.0	KG.
224	PILE AND TUFTED FABRICS, C&MMF	1.0	M2
225	DENIM, C&MMF	1.0	M2
226	CHEESE CLOTH, BATISTES, ETC., C&MMF	1.0	M2
227	OXFORD CLOTH, C&MMF	1.0	M2
229	SPECIAL PURPOSE FABRIC, C&MMF	13.6	KG.
313	COTTON SHEETING	1.0	M2
314	COTTON POPLIN AND BROADCLOTH	1.0	M2
315	COTTON PRINTCLOTH	1.0	M2
317	COTTON TWEILLS	1.0	M2
326	COTTON SATEENS	1.0	M2
<u>APPAREL</u>			
237	PLAYSUITS, SUNSUITS, ETC.	19.2	DOZ.
239	INFANTS WEAR OF COTTON AND MAN-MADE FIBER	6.3	KG.
330	HANDKERCHIEFS	1.4	DOZ.
331	GLOVES AND MITTENS	2.9	DPR.
332	HOSIERY	3.8	DOZ.
333	M AND B SUIT-TYPE COATS	30.3	DOZ.
334	OTHER M AND B COATS	34.5	DOZ.
335	W AND G COATS	34.5	DOZ.
336	DRESSES	37.9	DOZ.
338	M AND B KNIT SHIRTS	6.0	DOZ.
339	W AND G KNIT SHIRTS AND BLOUSES	6.0	DOZ.
340	M AND B SHIRTS, NOT KNIT	20.1	DOZ.
341	W AND G SHIRTS AND BLOUSES, NOT KNIT	12.1	DOZ.
342	SKIRTS	14.9	DOZ.
345	SWEATERS	30.8	DOZ.
347	M AND B TROUSERS, SLACKS, AND SHORTS	14.9	DOZ.
348	W AND G TROUSERS, SLACKS, AND SHORTS	14.9	DOZ.
349	BRASSIERES AND BODY SUPPORTING GARMENTS	4.0	DOZ.
350	DRESSING GOWNS, ETC.	42.6	DOZ.
351	NIGHTWEAR AND PAJAMAS	43.5	DOZ.
352	UNDERWEAR	9.2	DOZ.
353	M AND B DOWN-FILLED COATS	34.5	DOZ.
354	W AND G DOWN-FILLED COATS	34.5	DOZ.
359	OTHER COTTON APPAREL	8.5	KG.

ANNEX A (Cont'd)

MADE-UP AND MISCELLANEOUS TEXTILES

360	PILLOWCASES	0.9	NO.
361	SHEETS	5.2	NO.
362	BEDSPREAD AND QUILTS	5.8	NO.
363	TERRY AND OTHER PILE		
	TOWELS	0.4	NO.
369	COTTON MANUFACTURES, NOT SPECIFIED (NSPF)	8.5	KG.

ANNEX B

SPECIFIC LIMITS

<u>CATE- GORY</u>	<u>UNIT</u>	<u>CF</u>	<u>GROWTH</u>	<u>1992 BASE</u>	<u>1993 BASE</u>
300/301	KG	8.50	6.40	6,376,834	6,784,951
(301)	KG	8.50	6.40	2,000,000	2,128,000
339	DZ	6.00	6.30	772,915	821,609
369-S	KG	8.50	6.00	980,500	1,039,330
 FABRIC GROUP	SME	1.00	6.30	69,286,342	73,651,382
218	SME	1.00	0.00	2,508,000	2,508,000
219	SME	1.00	6.30	16,295,283	17,321,886
220	SME	1.00	6.30	16,295,283	17,321,886
224	SME	1.00	6.30	16,295,283	17,321,886
225	SME	1.00	6.30	16,295,283	17,321,886
226	SME	1.00	6.30	16,295,283	17,321,886
227	SME	1.00	6.30	16,295,283	17,321,886
313	SME	1.00	6.30	29,922,811	31,807,948
314	SME	1.00	6.30	16,295,283	17,321,886
315	SME	1.00	6.30	19,135,698	20,341,247
317	SME	1.00	6.30	16,295,283	17,321,886
326	SME	1.00	0.00	2,508,000	2,508,000