

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

CONFIDENTIAL
TEX.SB/2042*
14 February 1994

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 Guatemala**

Note by the Chairman

Attached is a notification received from the United States of an extension with modifications of its agreement with Guatemala, for the period 1 January 1993 to 31 December 1994.¹

¹The bilateral agreement is contained in COM.TEX/SB/1159.

*English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND

February 9, 1994

The Honorable
Ambassador Marcelo Rafaelli
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 the extension, with modifications, of the bilateral textile agreement between the Government of the United States of America and the Government of Guatemala.

This extension was negotiated to deal with issues of market disruption or real risk thereof, while at the same time ensuring that its provisions would permit the expansion and orderly development of textiles and apparel trade from Guatemala.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Shepherd", written in a cursive style.

Robert E. Shepherd
Minister Counsellor

Enclosure

*Textiles Division*

Public Release

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

July 30, 1993

UNITED STATES AND GUATEMALA
ESTABLISH NEW BILATERAL TEXTILE AGREEMENT

The United States and Guatemala establish a new bilateral textile agreement signed July 20, 1993. Text of the agreement is attached

For more
information
contact:

ATTN: Isabelle Detwiler

(202) 647 - 3869

BILATERAL TEXTILE AGREEMENT
BETWEEN THE UNITED STATES
OF AMERICA AND GUATEMALA

AGREEMENT TERM

1. The term of this agreement will be the period from January 1, 1993 through December 31, 1994. Any changes resulting from any extension of the multifiber arrangement of any future Uruguay Round GATT agreement prior to the expiration of this agreement, shall be incorporated. Each "agreement period" or "agreement year" shall be a twelve-month period from January 1, of a given year to December 31 of the same year.

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COVERAGE OF AGREEMENT AND CLASSIFICATION BY FIBER

2. The textiles and textile products covered by this agreement are those summarized in paragraph 3(D), as subject to amendment. The system of categories and the rates of conversion into square meters equivalent (SME) listed in paragraph 3(D), as subject to amendment, shall apply in implementing this agreement

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, wool, man-made fibers or blends thereof, 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:

(I) 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 will be a wool textile; 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 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.

(II) Cotton textiles, if not covered by (I) and 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 will be a wool textile.

(III) Wool textiles, if neither of the foregoing applies, and the product is in chief weight of wool.

(C) Coverage under this paragraph is intended to be identical with the terms of the Arrangement and in conformance with 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, or man-made fiber the chief value of the fibers may be considered.

(D) For the purposes of this agreement, the following categories, as defined below, are covered by this agreement. If both countries agree to put new categories under quota, both parties shall amend this paragraph of the agreement and the Visa Arrangement as necessary to include additional categories.

CATEGORY DESCRIPTION CONVERSION	CATEGORIES MERGED/ AGREEMENT	DESIGNATION	FACTOR
340 MEN'S & BOYS' COTTON SHIRTS, NOT KNIT		340/640	20.1
347 MEN'S AND BOYS' COTTON TROUSERS/SLACKS/SHORTS		347/348	14.9
348 WOMEN'S AND GIRLS' COTTON TROUSERS/SLACKS/ SHORTS		347/348	14.9
448 WOMEN'S AND GIRLS' WOOL TROUSERS/SLACKS/SHORTS		N/A	15.0
640 MEN'S AND BOYS' MMF SHIRTS, NOT KNIT		340/640	20.1

DESIGNATED CONSULTATION LEVELS

4. (A) The categories and products listed in Annex A as Designated Consultation Levels are those which the Government of Guatemala intends to export to the U.S., which are not eligible for the Caribbean Basin Special Access Program, and are subject to Designated Consultation Levels (DCL).

(B) If the Government of Guatemala wishes to export textile products to the United States of America in excess of the applicable DCLS, the Government of Guatemala shall request higher levels. The Government of the United States shall consider such requests sympathetically. The Government of the United States of America shall respond promptly and make every effort to resolve the issue within 30 U.S. working days of the

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the U.S. Government in Washington of the initial request. Until a mutually satisfactory change in the consultation level in question is established, shipments shall not exceed the existing DCL. If the Government of the United States of America is unable to comply fully with the request due to problems of market disruption, or the real risk thereof as described in Annex A of the Arrangement, in the category or product subject to such a request, the Government of the United States of America will so inform the Government of Guatemala. Either Government may request consultations to discuss such requests for DCL increases.

SPECIFIC LIMITS

5. The categories and products listed in Annex B are those which the Government of Guatemala intends to export to the United States of America which are not eligible for the Caribbean Basin Special Trade Access Program and are subject to specific limits.

GUARANTEED ACCESS LEVELS (GAL)

6. (A) The products and the categories listed as GALS in Annex C are those which the Government of Guatemala intends to export to the United States of America under the Caribbean Basin Textile Special Access Program. These Products, which will be:

-- Assembled in Guatemala of U.S. Formed fabrics, cut in the United States of America for re-export to the United States under contracts governed by HTSUSA 9802.00.8010 OR

-- Assembled in Guatemala of U.S.-formed fabric, cut in the United States and then subject to bleaching, acid washing, stonewashing, garment dyeing, or permapressing in Guatemala following assembly, for re-export to the United States of America under contracts governed by the statistical headnote under chapters 61 and 62 of the harmonized tariff schedule of the United States of America annotated, as implemented by the Government of the United States of America requiring the use of the statistical prefix "H" are subject to the annual Guaranteed Access Levels specified in Annex C.

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(B) If the Government of Guatemala wishes to apply for a new guaranteed access level or to export textile products to the United States of America under the Caribbean Basin Textile Access program in excess of the existing GAL, the Government of Guatemala shall submit a request for a new or increased level. The Government of the United States of America shall consider such a request sympathetically and respond promptly within 30 U.S. working days of the receipt by the government of the United States of America in Washington of the initial request. Among other factors, the Government of the United States of America will take into consideration export performance, current levels of exports, unused production capacity, expected new investment, and the potential for market disruption, taking into account the U.S. content of the product.

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(C) If the Government of the United States of America fails to reply within 30 U.S. working days, the request of the government of Guatemala becomes the new Guaranteed Access Level. If the Government of the United States of America is unable to comply fully with the request due to problems of market disruption, as described in Annex A of the Arrangement, or the real risk thereof, in the category or product subject to such request, the Government of the United States of America will so inform the Government of Guatemala within 30 U.S. working days. In this case, until a mutually satisfactory change in the GAL in question is established, shipments shall not exceed the existing GAL. The United States of America's response will be supported by data which form the basis of the position it has taken. Either Government may request consultations to discuss such request for increases in GALS.

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OTHER CATEGORIES

7. Categories and products not listed in Annex A, B or C of this agreement, as subject to amendment, are free of all restrictions at this time; however the Government of the United States of America and the Government of Guatemala reserve their rights in accordance with paragraph 23 of this agreement.

FLEXIBILITY ADJUSTMENTS

8. (A) The specific limits set out in Annex B do not include any adjustments permitted under paragraph 8.

(B) During any agreement period, the specific limits set out in Annex B may be increased by not more than seven percent swing provided that a corresponding reduction in square meters equivalent is made in one or more other specific limits during the same agreement period.

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(C) No specific limit may be decreased pursuant to paragraph 8 (B) to a level which is below the level of exports charged against that category's limit for that agreement period.

(D) The Government of Guatemala shall indicate to the Government of the United States the specific limits it would like increased and those which it would like decreased by commensurate quantities in square meters equivalent.

CARRYOVER AND CARRYFORWARD

9. (A) The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carryforward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused meterage (shortfall) of the corresponding specific limit for the previous agreement period) is 11 percent, of which carryforward shall not constitute more than 6 percent.

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(B) Carryover and carryforward will be available for categories previously covered under Memoranda of Understanding dated October 28, 1989; June 30, 1992; and October 30, 1992 and December 14, 1992. No carryforward shall be available for application in the final agreement period.

(C) For the purposes of the agreement, a shortfall occurs when exports of textiles or textile products of Guatemala to the United States of America 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 paragraphs 8 or 9, when such exports are below the limit as decreased).

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(D) The Government of Guatemala will notify the Government of the United States of America when it wishes to use unused meterage (shortfall) available in categories for carryover, or for use by other categories for swing, subject to the provisions set out above. However, the Government of the United States of America 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 will not prejudice the outcome of any consultations that may be held between our governments concerning the amounts of available carryover and carryforward.

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PROTECTION OF RIGHTS

10. The introduction of changes (such as changes in practices, rules, procedures, categorization of textile products, including those changes relating to the harmonized system) in the implementation or interpretation of bilateral textile agreements, which have the effect of upsetting the balance of rights and obligations between the parties concerned, or which affect the economic content of this bilateral agreement, or which affect the ability of a party to use or benefit fully from this bilateral agreement, or which disrupt trade, shall be avoided as far as possible. Where such changes are necessary, parties agree that the party initiating any such changes shall, wherever possible, inform and initiate consultations with the affected party prior to the time that such changes may affect the trade in question, with a view to reaching a mutually acceptable solution regarding

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appropriate and equitable adjustments. The parties further agree that where consultation prior to the implementation of any such changes is not feasible, the party initiating such changes will consult, as early as possible, with the affected party with a view to reaching a mutually satisfactory solution regarding appropriate and equitable adjustments. Any disruption under this provision may be referred to the Textile Surveillance Body, or other appropriate successor monitoring body, for recommendation.

OVERSHIPMENT CHARGES

11. (A) Products of Guatemala shipped in excess of authorized limits in any agreement period may be denied entry into the United States of America. Any such shipment denied entry may be permitted into the United States of America and charged to the applicable limit in the succeeding agreement period.

(B) Products of Guatemala shipped in excess of applicable limits in any agreement period will, if allowed entry into the United States of America during that agreement period, be charged to the applicable limit in the succeeding agreement period.

(C) The government of the United States of America shall inform the Government of Guatemala of any charges as soon as possible.

(D) Any action taken pursuant to sub-paragraph 11(A) and 11(B) above, will not prejudice the rights of the other side regarding consultations.

SPACING PROVISIONS

12. The Government of Guatemala shall use its best efforts to space exports of its products to the United States of America within each category evenly throughout each agreement period, taking into consideration normal seasonal factors.

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U.S. ASSISTANCE IN IMPLEMENTATION
OF THE LIMITATION PROVISIONS

13. The Government of Guatemala shall administer its export control system under the agreement. The Government of the United States of America may assist the Government of Guatemala 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.

CORRECT CATEGORY/QUANTITY VISA SYSTEM

14. (A) The provisions of the Visa Arrangement will govern the licensing and/or certification of exports from Guatemala. Visas issued in a particular agreement year shall be valid only for textile and apparel products exported during that agreement year.

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(B) The parties recognize that under the agreement the purchase of textiles and textile products to be delivered subject to the restrictions under the agreement implies that the delivery of goods will be accompanied by a valid visa.

COMMERCIAL SAMPLES AND PERSONAL SHIPMENTS

15. Properly marked commercial sample shipments, valued at \$250.00 or less, and items for the personal use of the importer and not for resale, regardless of the value, need not be accompanied by an export visa and shall not be subject to the limits established under this agreement.

EXCHANGE OF INFORMATION

16. 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.

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EXCHANGE OF DATA

17. (A) The Government of the United States of America shall promptly supply the Government of Guatemala with data on monthly imports of cotton, wool, man-made fiber textiles and textile products of Guatemala into the United States.

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

(C) The Government of the United States of America and the Government of Guatemala agree to exchange namesake data via computer diskette as agreed in a previous technical letter.

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COOPERATION IN THE PREVENTION
OF CIRCUMVENTION

18. (A) The Government of the United States of America and the Government of Guatemala shall cooperate to prevent circumvention of the agreement.

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

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

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

(III) By facilitating personal interviews designed to ascertain needed facts.

MUTUALLY SATISFACTORY

ADMINISTRATIVE ARRANGEMENT

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

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CONSULTATION ON IMPLEMENTATION QUESTIONS

20. The Government of the United States of America and the Government of Guatemala 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

21. The Government of the United States of America and the Government of Guatemala may at any time propose revisions to the terms of this agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this agreement, or taking such other appropriate action as may be mutually agreed upon.

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CONSULTATIONS IN CASE OF INEQUITY

VIS-A-VIS A THIRD COUNTRY

22. If the Government of Guatemala 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 Guatemala may request consultations with the Government of the United States of America with a view to taking appropriate remedial actions, such as a reasonable modification of this agreement.

RESERVATION OF RIGHTS

23. The Government of the United States of America and the Government of Guatemala each reserve their rights under the Arrangement with respect to textiles and textile products not subject to this agreement.

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RIGHT TO TERMINATE THE AGREEMENT

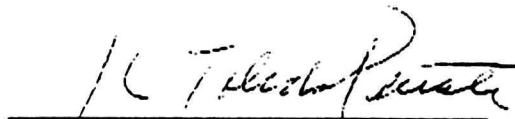
24. Either government may terminate this agreement, effective at the end of an agreement period, by written notice to the other government, to be given at least 90 days prior to the end of such agreement period.

25. This agreement supersedes the Memoranda of Understanding currently in force between our two governments.

Signed this 20 day of July, 1993



For the Government of
the United States of
America



For the Government of
Guatemala

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ANNEX A - DESIGNATED CONSULTATION LEVELS

ANNEX B - SPECIFIC LIMITS

GROWTH CATEGORY RATE	QUOTA/UNITS 1/1/93-12/31/93 SWING	QUOTA/UNITS 1/1/94-12/31/94
340/640 NA	943,400 DOZEN 7.0	1,000,000
347/348 6	1,113,000 DOZEN 7.0	1,179,780 DOZEN
448 1	41,873 DOZEN 7.0	42,292 DOZEN

ANNEX C - GUARANTEED ACCESS LEVELS

CATEGORY	QUOTA/UNITS 1/1/93-12/31/93	QUOTA/UNITS 1/1/94-12/31/94
340/640	520,000 DOZEN	-----
347/348	1,000,000 DOZEN	1,000,000 DOZEN
448	42,000 DOZEN	42,000 DOZEN