

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

CONFIDENTIAL

TEX.SB/3062*

16 December 1994

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

**Extension of the Bilateral Agreement
between the United States and Uruguay**

Note by the Chairman

Attached is a notification received from the United States of the extension of its agreement with Uruguay, for the period 1 July 1993 to 30 June 1996.¹

¹The bilateral agreement, previous extensions and amendments are contained in COM.TEX/SB/973, 1022, 1121, 1142, 1157, 1393, 1644 and 1812.

*English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND

December 14, 1994

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textile Surveillance Body
General Agreement on Tariffs and Trade
Rue de Lausanne
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 Textile Surveillance Body of the extension of the bilateral textile agreement between the Government of the United States and the Government of Uruguay.

A copy of the note affecting this agreement is enclosed.

Sincerely,



William Tagliani
Attache

No. 345

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Oriental Republic of Uruguay and has the honor to refer to the Arrangement regarding International Trade in Textiles, done at Geneva on December 20, 1973, as amended and extended (the Arrangement), and to the Agreement between the Governments of the Oriental Republic of Uruguay and of the United States of America concerning trade in cotton, wool, and man-made fiber textiles and textile products manufactured in Uruguay and exported to the United States, effected by exchange of notes in Montevideo dated December 30, 1983 and January 23, 1984, as amended by further exchange of notes in Montevideo dated March 28, and April 30, 1985; in Washington dated November 21 and December 13, 1985; in Washington on March 3 and March 4, 1986; in Montevideo on November 14, 1988 and June 20, 1989; and in Montevideo on June 9, July 27, and August 18, 1992, (the Agreement). Under Article 4 of the Arrangement, the Embassy of the United States of America has the honor to propose, on behalf of the Government of the United States, the Agreement relating to trade in cotton, wool, and man-made

fiber textiles and textile products between the Government of the Oriental Republic of Uruguay and the Government of the United States of America be amended and extended as follows.

Agreement Term

1. The term of the Agreement will be the period from August 1, 1983 through June 30, 1996. Each "Agreement Period" shall be a twelve-month period from July 1 of a given year to June 30th of the following year, with the exception of the first "Agreement Period," which shall be the eleven month period from August 1, of 1983 through June 30, 1984.

Coverage of Agreement and Classification by Fiber

2. Textiles and textile products covered by this Agreement are those summarized in Annex A.

3. Tops, yarns, piece goods, made-up articles, garments and other textile manufactured products, all being products which derive their chief characteristics from their textile components of cotton, wool or man-made fiber or blends thereof, in which any or all of those fibers in combination represent the chief weight of the product, are subject to this agreement. 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 the 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, 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.

(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; 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; or

(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, 1986 Protocol of Extension. In the event of a question regarding whether a product is covered by this Agreement by virtue of being chief weight cotton, wool, and man-made fiber, the chief value of the fibers may be considered.

Specific Limits

4. Commencing with the first Agreement Period, and during the subsequent term of this Agreement, the Government of the Oriental Republic of Uruguay shall limit annual exports from Uruguay to the United States of America of textile products set out in Annex A to the limitation (Specific Limit) set out in Annex B, as such Specific Limit may be adjusted in accordance with paragraph 5. The Specific Limit set out in Annex B does not include any adjustments permitted under paragraph 5.

Flexibility (Swing)

5. (A) (I) Any Specific Limit set out in Annex B may be exceeded, in addition to any adjustment pursuant to paragraph 5 (B), in any

- 6 -

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) of not more than eleven (11) percent, of which carryforward shall not constitute more than seven (7) percent.

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

(III) Any unused meterage (shortfall) available in a category may be used for carryover subject to the provisions set out in this Agreement.

(B) During any Agreement Period, the Specific Limits set out in Annex B may be exceeded by "swing" of up to 7 percent for wool specific limits and 6 percent for cotton specific limits provided that a corresponding reduction in square meter equivalent (SME) is made in one or more specific limits during the corresponding Agreement Period as set forth in Annex B.

Article 3 of the Arrangement

6. (A) For the duration of this Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement with respect to exports of textile products set out in Annex A.

(B) For the categories not subject to a Specific Limit, each Party reserves its rights to take action in accordance with the Arrangement.

Spacing Provisions

7. The Government of the Oriental Republic of Uruguay shall use its best efforts to space exports from Uruguay to the United States of textile products set out in Annex A evenly throughout each Agreement Period, taking into consideration normal seasonal factors.

U.S. Assistance in Implementation of
the Limitation Provisions

8. The Government of the Oriental Republic of Uruguay shall administer its export control system under this Agreement. The Government of the United States of America may assist the Government of the Oriental Republic of Uruguay in implementing the limitation provisions of this Agreement by controlling imports of textile products on the basis of the date of export of textile products set out in Annex A.

Overshipment Charges

9. (A) Exports from Uruguay in excess of authorized limits may be denied entry into the United States of America. Any such shipments denied entry may be permitted entry into the United States of America and charged to the applicable limit in the succeeding Agreement Period.

(B) Exports from Uruguay in excess of authorized limits 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) Any action taken pursuant to paragraph 9(A) and 9 (B) above will not prejudice the rights of either side regarding consultation.

Exchange of Data

10. (A) The Government of the United States of America shall promptly supply the Government of the Oriental Republic of Uruguay with data of monthly imports of textile products set out in Annex A into the United States of America from Uruguay.

(B) The Government of the Oriental Republic of Uruguay shall promptly supply the Government of the United States of America with data on monthly exports of textile products set out in Annex A from Uruguay to the United States of America.

(C) Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement requested by the other Government.

Administrative Arrangements

11. Mutually satisfactory administrative arrangements or adjustments may be made upon consultation to resolve minor problems arising in the implementation of this Agreement,

including differences in points of procedure or operation.

Consultation on Implementation questions

12. The Government of the United States of America and the Government of the Oriental Republic of Uruguay 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

13. The Government of the United States of America and the Government of the Oriental Republic of Uruguay may at any time propose revisions in 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.

Consultations In Case of Inequity

vis-a-vis a Third Country

14. If the Government of the Oriental Republic of Uruguay 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 Oriental Republic of Uruguay 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.

Visa Arrangement

15. The Government of the United States of America and the Government of the Oriental Republic of Uruguay will abide by the visa arrangement established by an exchange of notes on August 24, 1984 and September 13, 1984.

Commercial Samples and Personal Shipments

16. Exports of textile products set out in Annex A which are properly marked commercial samples or items for the personal use of the importer shall be exempt from the provisions of this Agreement.

Cottage Industry Products

17. In accordance with Article 12, paragraph 3, of the Arrangement, Uruguayan exports of hand-made cottage industry products made of hand-loomed fabrics will not be subject to the provisions of this Agreement.

Cooperation in the Prevention of Circumvention

The Government of the United States takes note of the fact that there has never been any case of circumvention involving Uruguay.

18. A. Consistent with their domestic laws and procedures, the Government of the United States of America and the Government of the Oriental Republic of Uruguay agree to take measures necessary to address, to investigate and, where appropriate, to take legal and/or administrative action to prevent circumvention of this Agreement, including by transshipment,

rerouting, false declaration concerning country of origin or falsification of official documents.

B. Both Parties agree to cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of the Agreement to address problems arising from circumvention and to establish the relevant facts in the places of import, export and, where applicable, transshipment. Such cooperation, to the extent consistent with domestic laws and procedures, will include investigation of circumvention practices; exchange of documents, correspondence, reports and other relevant information to the extent available; and facilitation of joint plant visits and contacts by representatives of either Party, upon request and on a case-by-case basis. When either Party wishes to visit certain plants, the Party seeking the plant visit or visits shall give written notice, including the reasons for such visits, to the authorities of the other Party (i.e., the U.S. Customs Authorities in the United States of America, or the Ministry of Economy and Finance of Uruguay) two weeks in advance. The plants will not be notified in advance of the visit. When the visit occurs, permission from a responsible representative of the plant will be obtained before the visit is commenced. Upon completion of such visits

during each trip, the visiting Party shall furnish a report to the respective government officials of the other Party on the visits.

C. If either Party reasonably believes that this Agreement is being circumvented, it may request consultations to address the matter or matters concerned with a view to seeking a mutually satisfactory solution. Each Party agrees to hold such consultations promptly, beginning within 30 days of receipt by a Party of a request accompanied by an explanation for the request from the other Party, and concluding within 90 days, unless extended by mutual agreement, and to cooperate fully in terms of the elements set out in paragraph B above. Any such actions shall be notified to the Textiles Surveillance Body or its successor with full justification.

D. Should the Parties be unable to reach a satisfactory solution in the course of the consultations called for under paragraph C, then the Governments of the Oriental Republic of Uruguay and the United States of America agree that in cases where clear evidence regarding circumvention has been provided, the United States of America may deduct from the quantitative limits of the relevant category or categories in which transshipment has occurred for the Agreement Period amounts not more than the amount of transshipped products of Uruguayan origin. The amounts transshipped shall be the

amounts and the country of origin shall be the country of origin so determined by U.S. Customs. In addition, the Governments of the Oriental Republic of Uruguay and the United States of America agree that deductions from the quantitative limits of the relevant category or categories in which transshipment has occurred established under this Agreement may be made in those instances in which: A) the U.S. possesses factual information which it has provided to the authorities of the Government of the Oriental Republic of Uruguay showing a substantial likelihood that circumvention has occurred; B) the U.S. has requested from the Oriental Republic of Uruguay cooperation or information relevant to the possible circumvention that is of a type that is available to or could reasonably be obtained by the Government of the Oriental Republic of Uruguay, and C) and the Government of the Oriental Republic of Uruguay has not provided such information or cooperation within the period for consultation outlined in paragraph C. Any such actions shall be notified to the Textiles Surveillance Body or its successor with full justification.

E. Should the United States choose to exercise its rights under paragraph D to deduct an amount or amounts from the quantitative limits of a country where repeated instances of circumvention have been demonstrated within the

current or immediately preceding Agreement year, then the United States may deduct from the quantitative limit for the relevant category or categories in which transshipment has occurred amounts up to three times the amounts transshipped, provided that such deductions are distributed equally in each of the three following years. Both Parties agree that the above provision will be resorted to by the United States only if not less than three instances of circumvention by Uruguay have been demonstrated during the current or immediately preceding Agreement year and no or inadequate measures are being applied by Uruguay to address the problem of repeated circumvention.

F. Where there is clear evidence showing that goods originating in another country have been shipped through Uruguay to the United States as though they were products of Uruguay, the Governments of the Oriental Republic of Uruguay and the United States of America agree to take appropriate action. Such action may include the introduction of restraints in the relevant category or ~~categories~~ or deducting from the relevant category or categories in which transshipment has occurred the amount of goods so shipped from the quantitative limits established for the current Agreement year under this Agreement for shipments originating in Uruguay. Any such

actions, together with their timing and scope, may be taken only after consultation held with a view of arriving at a mutually satisfactory solution and shall be notified to the Textiles Surveillance Body or its successor with full justification. Such consultations will be held promptly, beginning within 30 days of receipt by a Party of a request accompanied by an explanation for the request from the other Party, and concluding within 90 days, unless extended by mutual agreement. Should the Parties be unable to reach a satisfactory solution, then the Governments of the Oriental Republic of Uruguay and the United States of America agree that in cases where clear evidence regarding circumvention has been provided, the United States may introduce a restraint or, where a restraint already exists, may deduct from the quantitative limits established under this Agreement an amount equivalent to the amount of product transshipped through Uruguay in the category in which transshipment has occurred.

G. Parties note that some cases of circumvention may involve shipments transiting through countries or places with no changes or alterations made to the goods contained in such shipments in the places of transit. They note that it may not be generally practicable for such places of transit to exercise control over such shipments.

H. Parties agree that false declaration concerning fiber content, quantities, description or classifications of merchandise also frustrates the objective of this Agreement. Where there is clear evidence that any such false declaration has been made for purposes of circumvention, both parties agree to take appropriate measures, consistent with their domestic laws and procedures, against exporters or importers involved. Should either Party believe that this Agreement is being circumvented by such false declaration and that no, or inadequate, administrative measures are being applied to address and/or to take action against such circumvention, that Party should - consult promptly with the Party involved with a view to seeking a mutually satisfactory solution. Such consultations should be held promptly, beginning within 30 days of receipt by a Party of a request accompanied by an explanation of the request from the other Party, and concluding within 90 days, unless extended by mutual agreement. Should the Parties be unable to reach a satisfactory solution, then the Governments of the Oriental Republic of Uruguay and the United States of America agree that in cases where clear evidence regarding such false declaration has been provided, then the United States may deduct from the quantitative limits established for the current

Agreement year an amount equivalent to the amount of product subject to the false declaration or classification. This provision is not intended to prevent Parties from making technical adjustments when inadvertent errors in declarations have been made. Any such action shall be notified to the Textiles Surveillance Body or its successor with full justification.

(I). In the event of a need arising to take recourse to any adjustment as set out in Paragraphs (D), (E), (F), and (H) the United States will explore with Uruguay all possible avenues for finding a mutually satisfactory solution before taking such action, together with its timing and scope. Action taken under Paragraph (D), (E), (F) or (H) may be referred by either party to the Textiles Surveillance Body or its successor for recommendation.

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.

Provisions to Remain in Force after
the Uruguay Round enters into Force

20. The provisions set out in paragraphs 5, 7, 8, 9, 10, 11, 12, 15, 17, 18, Annex A and the visa arrangement will be directly relevant to

the ability of the United States and the Oriental Republic of Uruguay to implement the Uruguay Round Textiles Agreement. Therefore, upon entry into force of the Uruguay Round Agreement, those provisions will remain in force and will be notified to the Textiles Surveillance Body or its successor.

If the foregoing conforms with the understanding of the Government of the Oriental Republic of Uruguay, this note and the Ministry of Foreign Affairs' note of confirmation on behalf of the Government of Uruguay shall constitute an agreement between our two Governments.

- The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.



Embassy of the United States of America,
Montevideo, October 31, 1994.

Annex A

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>FACTOR</u>	<u>MEASURE</u>
334	Other Men's and Boys' Coats	34.5	Dozen
335	Women's and Girls' Coats	34.5	Dozen
410	Woven Fabrics	1.0	M2
410A	Woolen Fabric	1.0	M2
410B	Worsted Fabric	1.0	M2
433	Men's and Boys' Wool Suit-type Coats	30.10	Dozen
434	Men's and Boys' Other Wool Coats	45.10	Dozen
435	Women's and Girls' Wool Coats	45.10	Dozen
442	Wool Skirts	15.0	Dozen

Annex B

Specific Limits

CATEGORY July 1, 1992 - June 30, 1993

334	104,155 Dozen
335	89,661 Dozen
410	2,713,607 M2
410-(Sub) A	1,550,634 M2
410-(Sub) B	2,498,242 M2
433	16,203 Dozen
434	24,173 Dozen
435	48,820 Dozen
442	34,535 Dozen

CATEGORY July 1, 1993 - June 30, 1994

334	110,404 Dozen
335	95,041 Dozen
410	2,740,743 M2
410-(Sub) A	1,566,140 M2
410-(Sub) B	2,523,224 M2
433	16,365 Dozen
434	24,415 Dozen
435	49,308 Dozen
442	34,880 Dozen

CATEGORY July 1, 1994 - June 30, 1995

334	117,029 Dozen
335	100,744 Dozen
410	2,768,150 M2
410-(Sub) A	1,581,801 M2
410-(Sub) B	2,548,456 M2
433	16,529 Dozen
434	24,659 Dozen
435	49,801 Dozen
442	35,229 Dozen

CATEGORY

July 1, 1995 - June 30, 1996

334	124,051 Dozen
335	106,789 Dozen
410	2,934,239 M2
410-(Sub) A	1,597,619 M2
410-(Sub) B	2,573,941 M2
433	16,694 Dozen
434	24,906 Dozen
435	50,299 Dozen
442	35,581 Dozen