

# WORLD TRADE ORGANIZATION

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**Textiles Monitoring Body**

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## AGREEMENT ON TEXTILES AND CLOTHING

### Notification under Article 2.17

### UNITED STATES

### Administrative Arrangements with Colombia

The Textiles Monitoring Body has received a notification from the United States pursuant to paragraph 17 of Article 2. The TMB is circulating this notification to WTO Members for their information.

Executive Office of the President  
Office of the United States Trade Representative

28 February 1997

The Honourable Ambassador András Szepesi  
Chairman  
Textiles Monitoring Body  
World Trade Organization  
Rue de Lausanne  
1211 Geneva

Dear Ambassador Szepesi,

Attached you will find my Government's notification of Administrative Arrangements for Brazil, Colombia<sup>1</sup>, Costa Rica, Fiji, Haiti, Hungary, India, Indonesia, Korea, Macau, Malaysia, Philippines, Qatar, Romania, Sri Lanka, Thailand, UAE and Uruguay made pursuant to Article 2.17 of the Agreement on Textiles and Clothing.

Sincerely,

(signed) Ambassador Rita Hayes  
Chief Textile Negotiator

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<sup>1</sup>This document contains the Administrative Arrangements concluded with Colombia. Administrative Arrangements concluded with the other Members listed above will be circulated as separate documents.

Note: Annex B referred to in the text contains the list of restrictions notified by the United States pursuant to Article 2.1 and as such it is not part of the Administrative Arrangements.

## COLOMBIA

The following provisions are drawn from the US - Colombia bilateral textile and apparel agreement of 3 April 1992 and the Memoranda of Understanding of 15 October 1993 and 18 November 1994 and have been agreed to be necessary for the proper implementation of restrictions notified to the Textiles Monitoring Body under Article 2.1 of the Agreement on Textiles and Clothing.

### Coverage of Agreement and Classification

2. The products covered by the Agreement and the rate of conversion into square meters equivalent are set out in Annex A. For the purposes of this Agreement, the product shall be classified as a cotton textile if the cotton component exceeds 50 per cent by weight of all component fibres thereof, unless wool equals or exceeds 36 per cent by weight of all fibres, in which case the product will be a wool textile.

### Specific Limits

3. During the term of the Agreement, the Government of Colombia shall limit in each agreement year exports from Colombia to the United States of the textile products listed in Annex A, to the specific limits set forth in Annex B hereto, as such limits may be adjusted in accordance with paragraph 4. The limits set out in Annex B are without such adjustments. Exports are subject to a limit for the period in which they are exported.

### Flexibility Adjustments

- 4.(A) During any agreement year, the specific limits set out in Annex B may be increased by not more than 7 per cent (swing) provided that a corresponding reduction in square meters equivalent is made in one or more other specific limits during the same agreement year.
- (B) In any agreement year, exports may exceed by a maximum of 11 per cent any specific limit set out in Annex B, by allocating to such limit for that agreement year any unused portion of the corresponding limit for the previous agreement year (carryover) or a portion of the corresponding limit for the succeeding agreement year (carry forward) subject to the following conditions:
- (I) Carryover may be utilized as available subject to subparagraph 4 (B) up to 11 per cent of the receiving agreement year's specific limit. No carryover shall be available during the first agreement year.
- (II) Carry forward may be utilized up to 6 per cent of the receiving agreement year's specific limit. Carry forward used shall be charged against the immediately following agreement year's specific limit. No carry forward shall be available during the last agreement year.
- (C) For the purposes of the Agreement, a shortfall occurs when exporters of the textile product from Colombia to the United States during an agreement year are below the applicable specific limit as set out in Annex B. In the agreement year following the shortfall, such exports from Colombia to the United States may be permitted to exceed the limit applicable to that year, subject to the conditions of subparagraph 4 (A), by carryover of an amount not to exceed the actual shortfall in the previous period.

- (D) The Government of Colombia shall notify the Government of the United States of the application of adjustments as available under this paragraph. Any unused carry forward will be reccredited to the following agreement year's limit.

#### US Assistance in the Implementation of the Limitation Provisions

- 5.(A) The Government of the United States may assist the Government of Colombia in implementing the limitation provisions of the Agreement by controlling its imports of the textile product covered by the Agreement.

#### Overshipment Charges

- (B) Exports from Colombia in excess of the authorized limit in any agreement year may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement year. The Government of the United States shall promptly inform the Government of Colombia of any such charges.
- (C) Exports from Colombia in excess of the authorized limit in any agreement year, if allowed entry into the United States during that agreement year, will be charged to the applicable limit in the succeeding agreement year.

#### Spacing Provisions

6. The Government of Colombia shall use its best efforts to space exports from Colombia to the United States of the textile products covered by the Agreement evenly throughout each agreement year, taking into account normal seasonal factors.

#### Exchange of Data

7. The Government of the United States shall promptly supply the Government of Colombia monthly data on imports of the product subject to this Agreement; and the Government of Colombia shall supply the Government of the United States with quarterly data on exports of such product from Colombia to the United States. Each Government agrees to supply promptly any other pertinent, rapidly available statistical data requested by the other Government.

#### Mutually Satisfactory Administrative Arrangements

8. 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.

#### Consultation on Implementation Questions

9. The Government of the United States and the Government of Colombia agree to consult on any question arising in the implementation of the Agreement.

#### Cooperation in the Prevention of Circumvention

11. The Government of Colombia and the Government of the United States shall cooperate to avoid circumvention of this Agreement.

ANNEX A

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure</u>
315	Cotton printcloth	1.0	M2
443	Wool men's and boys' suits	3.76	Nos.

ANNEX CCooperation in the Prevention of Circumvention

The Government of the United States takes note of the fact that there has not been any documented cases of circumvention involving Colombia. Both Governments note that they are willing and prepared to cooperate with each other in addressing specific cases of circumvention. Since both sides are agreed that circumvention is not desirable, both the Governments of the United States and Colombia agree to the following provisions:

1. The Government of the United States and the Government of Colombia agree to take measures necessary to address, to investigate and, where appropriate, to take legal and/or administrative action to prevent circumvention by transshipment, rerouting, false declaration concerning country of origin.
2. Both parties agree to cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention 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 impromptu 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 visit, to the authorities of the other party (i.e., the US Customs authorities in the US or the Ministry of Trade in Colombia) two weeks in advance. The plant(s) 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. If permission is denied, then the visit will not go forward. Upon completion of such visits during each trip, the visiting part shall furnish a report to the respective Government officials of the other party on the visits.
3. If either party believes that this Agreement is being circumvented, it may request consultations to address the matter or matters concerned with a view of seeking a mutually satisfactory solution. Each party agrees to hold such consultations promptly, beginning within 30 days of the receipt of a request by a party and concluding within 90 days, unless extended by mutual agreement, and to cooperate fully in terms of the elements set out in paragraph 2 above.
4. Should the parties be unable to reach a satisfactory solution in the course of the consultations called for under paragraph 3, then the Governments of Colombia and the United States agree that in cases where clear evidence regarding circumvention has been provided to the Government of Colombia, then the United States may deduct from any quantitative limits established by this bilateral agreement. Such deductions would be made in the concerned agreement period in amounts equivalent to the amount of transshipped products of Colombian origin. Both the Government of the United States and the Government of Colombia agree to make every effort to punish the specific and named perpetrators of illegal and fraudulent acts, at the administrative, civil and/or criminal levels. In addition, the Governments of Colombia and the United States agree that deductions from any quantitative limits established under a textile and apparel bilateral agreement may be made in those instances in which: a) the Government of the United States had provided factual information to the Government of

Colombia demonstrating a substantial likelihood that circumvention has occurred; and b) the Government of the United States has requested from the Government of Colombia 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 Colombia, and c) the Government of Colombia has not provided such information or cooperation within the period for consultation outlined in paragraph 3. Any such action shall be notified to the TSB, or its successor, with full justification.

5. Should the United States choose to exercise its rights under paragraph 4 to deduct an amount or amounts from the quantitative limits of Colombia 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 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 this provision will be invoked by the United States only after consultations pursuant to paragraph 3 have been held and only if more than two instances of circumvention by Colombia have been demonstrated during the current or immediately preceding agreement year and no or inadequate measures are being applied by Colombia to address the problem circumvention. Any such actions shall be notified to the TSB or its successor with full justification.

6. Where there is clear evidence showing that goods originating in another country have been shipped through Colombia to the United States as though they were products of Colombia, the Governments of Colombia and the United States agree to take appropriate action. Such action may include the introduction of restraints in the relevant category or categories or deducting the amount of goods so shipped from any quantitative limits established for the current agreement year under this Agreement for shipments originating in Colombia. Any such actions, together with their timing and scope, may be taken after consultation held with a view of arriving at a mutually satisfactory solution and shall be notified to the TSB, or its successor, with full justification. Such consultations should be held promptly, beginning with 30 days of a request by a 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 Colombia and the United States agree that in cases where clear evidence regarding circumvention has been provided to the Government of Colombia, 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 Colombia. Both the Government of the United States and the Government of Colombia will make every effort to punish the specific and named perpetrators of illegal and fraudulent acts, at the administrative, civil and/or criminal levels. In the event that Colombia's quotas have been charged in error or that restraints have been applied in error under this provision then as soon as the true country of origin has been determined and deductions have been applied to its quotas, then the United States will immediately restore the amounts deducted to their corresponding levels of restraint or remove the new restraints introduced under this provision.

7. Parties note that some cases of circumvention may involve shipments either which have not transitted through Colombia or transitting through Colombia with no changes or alterations made to the goods contained in such shipments. They note that it may not be generally practicable for Colombia to exercise control over such shipments.

8. Parties agree that false declaration concerning fibre content, quantities, description or classifications of merchandise also frustrates the objective of the Agreement. Where there is 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 a textile and apparel bilateral 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 consultation should be held promptly, beginning within 30 days of a request by a party, and concluding within 90 days, unless extended by mutual agreement. Should the parties be unable to reach a satisfactory solution, the Government of Colombia and the United States agree that in cases where evidence regarding such false declarations has been provided, then the United States may deduct from the quantitative limits established for a 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 actions shall be notified to the TSB, or its successor, with full justification.

9. The Governments of Colombia and the United States agree that no deductions to Colombia's quantitative limits established in this Agreement will be applied to each particular instance of circumvention if the Government of Colombia has provided the appropriate US Customs officials with clear evidence or intelligence of circumvention sufficient to allow these US officials to deny entry to the particular circumventing goods prior to their entry into the Customs territory of the United States. In such instances, the parties agree that the preferred course would be for the Government of Colombia to inform the appropriate US Customs officials all specifics of the exported Colombian goods including verification by the Government of Colombia that any documentation accompanying the shipment, including the visa or exempt certification is invalid.