

WORLD TRADE ORGANIZATION

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Textiles Monitoring Body

Original: English

AGREEMENT ON TEXTILES AND CLOTHING

Notification under Article 2.17

UNITED STATES

Administrative Arrangements with Guatemala

Addendum

The Textiles Monitoring Body has received a further notification from the United States pursuant to paragraph 17 of Article 2.

The TMB, in accordance with paragraph 17 of Article 2, is circulating this notification to WTO Members.

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

18 April 1997

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

Dear Ambassador Szepesi,

I refer to your letter of 4 April 1997 concerning United States' Administrative Arrangements with Guatemala. With respect to the question posed in paragraph 2¹, it is the United States' position that, when provisions of the bilateral agreement are inconsistent with the ATC, the provision of the ATC will apply. This is without prejudice to recourse to the provisions of the ATC. This same answer applies to the question posed in paragraph 3.²

With respect to the question posed in paragraph 4³, this provision is not designed to detract from the exporting country's responsibility to administer quantitative restrictions. This provision authorizes the United States, in cases where a category is close to filling and flexibility adjustments are available, to automatically apply those adjustments.

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¹Paragraph 2 of that letter reads: "The TMB understands that the administrative arrangements apply to the products listed in sub-paragraph 3(D). However, this paragraph states, *inter alia*, that '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'. Since administrative arrangements are, according to paragraph 17 of Article 2 of the ATC 'deemed necessary in relation to the implementation of any provision of this Article', is the TMB's understanding correct that, without prejudice to recourse to the provisions of Article 6 of the ATC, this sentence, which applied to the bilateral agreement concluded between the United States and Guatemala under the MFA, is no longer applicable?"

²Paragraph 3 of that letter reads: "With respect to paragraph 6 of the administrative arrangements, the TMB understands that Annex C, which is not included in the arrangements, is the list of products notified by the United States pursuant to paragraph 1 of Article 2 as being subject to guaranteed access levels (GALs). In addition, is the TMB's understanding correct that sub-paragraph 6(B) applied to the bilateral agreement concluded between the United States and Guatemala under the MFA, but, without prejudice to recourse to the provisions of Article 6 of the ATC, is no longer applicable since, in accordance with paragraph 4 of Article 2 of the ATC 'no new restrictions in terms of products or Members shall be introduced except under the provisions of this Agreement or relevant GATT 1994 provisions'."

³Paragraph 4 of that letter reads: "Explanation would also be appreciated as to the justification under the ATC and the reasons why, that although the quantitative restrictions are administered by Guatemala in accordance with Article 4 of the ATC, paragraph 9(D) of the administrative arrangements states, *inter alia*, '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'."

With respect to the question posed in paragraph 5⁴, circumvention often damages a country's legitimate trade by making it impossible to administer effectively its Article 2.1 quotas. Our two countries deem these circumvention provisions to be necessary to the implementation of these quotas. Sub-paragraph 18(f) has also been deemed by our two governments to be a necessary deterrent to circumvention. Since its application would affect the restraint levels contained in the United States' Article 2.1 notification, it is appropriately included here.

Sincerely,

(Signed for) Ambassador Rita Hayes
Chief Textile Negotiator

⁴Paragraph 5 of that letter reads: "Finally, with respect to paragraph 18, relating to cooperation in the prevention of circumvention, the TMB would appreciate receiving information as to how, in the view of the United States, such provisions are deemed necessary in relation to the implementation of any provision of Article 2 of the ATC. Moreover, it would appreciate explanation as to how such provisions, in particular sub-paragraph 18(F), fit within the provisions of the ATC."