

No. 20805

**UNITED STATES OF AMERICA
and
PAKISTAN**

Memorandum of Understanding relating to trade, reached on the Tokyo Round of the Multilateral Trade Negotiations (with letter dated 11 April, 2 and 30 August 1979, and related letter dated 28 January 1980). Signed at Geneva on 2 April 1979

Authentic text: English.

Registered by the United States of America on 1 March 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN**

Mémorandum d'accord relatif au commerce, convenu lors des négociations commerciales multilatérales dites de Tokyo (avec lettres en date des 11 avril, 2 et 30 août 1979 et lettre connexe en date du 28 janvier 1980). Signé à Genève le 2 avril 1979

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mars 1982.

MEMORANDUM OF UNDERSTANDING¹ BETWEEN THE DELEGATIONS OF PAKISTAN AND THE UNITED STATES OF AMERICA TO THE TOKYO ROUND OF THE MULTILATERAL TRADE NEGOTIATIONS (MTN)

April 2, 1979, Geneva

1. This memorandum sets forth the agreement reached by the MTN negotiators of Pakistan and the United States on the concessions and contributions to be made by the two countries to the Multilateral Trade Negotiations (MTN). This agreement is subject to the approval of both governments.

2. The United States will include in its MTN Schedule of tariff concessions the tariff items of particular interest to Pakistan listed in Annex A-1. The United States will also extend, 60 days after the approval of this agreement by the two governments, the tariff treatment (eight percent *ad valorem*) on TSUS 94654 (floor coverings, pile hand inserted or hand knotted, over 66 2/3 cents per square foot: provided for in item 360.15) to cover up to 250 kt/square inch, this rate to be superseded by such lower rate which comes into effect as a result of the concessions described in paragraph 3. Pakistan agrees to the undertaking on licensing on products of interest to the United States described in Annex B-1. In addition, the United States will include the concessions shown in Annex A-2, subject to satisfactory completion of negotiations with the principal suppliers of these items. Pakistan undertakes to give its best consideration to liberalized licensing (freely importable without limitation as regards value, quantity or source) on Ex 3504 (vegetable protein isolates) as from July, 1979, or 60 days after the approval of this agreement by both governments, whichever is later, subject to the general conditions described in Annex B-1. Pakistan agrees to give sympathetic consideration to joining the Multilateral Code on Import Licensing Procedures, provided that the Code is not found by Pakistan to be inconsistent with its trade, financial and development needs.

3. The United States is further prepared to include the concessions listed in Annex A-3 in its MTN schedule, provided that Pakistan is able to agree prior to April 11, 1979, to make an offer to bind in the GATT² the items listed in Annex B-2, at the rates of duty shown. The exchange of concessions described in this paragraph is understood to be supplementary to the rest of this agreement, which will not be affected by the acceptance or rejection of this exchange by Pakistan.

4. The provisions of this understanding, upon approval by both governments, will take effect on a mutually agreed date.

[Signed]

MOHAMMED HAMID
Negotiator for Pakistan

[Signed]

MARTIN SMITH
Negotiator for the
United States of America

¹ Came into force on 28 January 1980, with retroactive effect from 30 August 1979, in accordance with the provisions of the related letter.

² United Nations, *Treaty Series*, vol. 55, p. 187.

ANNEX A 1

GENERAL AGREEMENT ON TARIFFS AND TRADE

MULTILATERAL TRADE NEGOTIATIONS

U.S. Draft Schedule

United States Tariff position	Description	Offered rate*
Ex 13055	Basmati Rice6¢ per lb
13130	Rice, milled, bran removed, fit for human consumption1¢ per lb
32010-19	Woven cotton fab n fcy, fig, blea or col	6.3%-7.5%
32030-39	Woven cotton fab n fcy, fig, blea or col	8.8%-10.0%
34632	Cotton terry fabrics, over \$1.125 per lb	11.1%
36015	Floor coverings pile hand inserted	8.0%
36144	Wool floor coverings nspf woven not p-d	6.2%
36618	Towels, cotton, pile or tufted, not over 45¢ ea	10.5%
36621	Towels, cotton, pile or tufted over 45¢ ea	10.5%
36665	Cotton terry clth furnishing, not orn	7.2%
36669	Cotton furnishings pile or tufted, other	7.2%
3820070	Women, girl, infant robes, etc. cotton	14.0%
3823301	Other women's, girls', infants' cotton wear app	7.6%
65091	Scissor, shears, blades nes over \$1.75	20.0%
70543	Gloves, leather men's, not lined	\$2/doz pr
70927	Medical and surgical instruments, nspf	7.9%
72520	Brasswind instruments n/o \$10.	12.0% <i>ad val.</i>

* U.S. general offer dated January 15, 1978 with rates as modified.

ANNEX A 2

GENERAL AGREEMENT ON TARIFFS AND TRADE

MULTILATERAL TRADE NEGOTIATIONS

U.S. Draft Schedule

United States Tariff position	Description	Offered rate*
32001-9	Woven cotton fab n fcy, fig, blea or col	5.1%-6.1%
32020-29	Woven cotton fab n fcy, fig, blea or col	7.6-8.7%
32040-42	Woven cotton fab n fcy, fig, blea or col	10.1-10.3%
32110-19	Woven cotton fab bleached n fancy, fig	7.6%-8.7%
36144	Wool floor coverings nspf woven not p-d	6.2%
36350	Bedspreads of veg fiber, not jacquard	5.0%
36351	Bedspreads, etc of veg fiber, not jac	5.0%
36624	Towels, cotton, pile or tufted ov 45¢ ea	10.5%
36647	Cot tablecloth, napkins, nt hnd blk	6.6%
36677	Plain wov cot furn nes exc damask, not orn	7.2%
36679	Cot furnishing not orn nes, exc plain wov	7.2%
3803984	Men's and boys' cotton wearing apparel nes not	8.0%
3820044	Women's other cotton blouses, not knit	16.5%
3820062	Women's other cotton dresses, not orn	14.0%

* U.S. general offer dated January 15, 1978 with rates as modified.

<i>United States Tariff position</i>	<i>Description</i>	<i>Offered rate*</i>
3823342	Women's cotton skirts other nes not knit	8.0%
70405	Lace/net gloves a other gloves, orn	20.0%
70410	Lace/net gloves a other gloves, orn	20.0%
73470	Football, soccer and polo balls	Free
36330	Sheets and pillowcases not orn, of veg fibers	7.6%
36627	Towels of cotton, nes, not orn	10.5%
3820001	Women's, girls' and infants' cot wear app orn	14.0%
73480	Hockey equip and parts of, exc skates	Free

* U.S. general offer dated January 15, 1978 with rates as modified.

ANNEX A 3

GENERAL AGREEMENT ON TARIFFS AND TRADE

MULTILATERAL TRADE NEGOTIATIONS

U.S. Draft Schedule

<i>United States Tariff position</i>	<i>Description</i>	<i>Offered rate*</i>
36015	Floor coverings pile hand inserted	5.1%

* U.S. general offer dated January 15, 1978 with rates as modified.

ANNEX B 1

GENERAL AGREEMENT ON TARIFFS AND TRADE

MULTILATERAL TRADE NEGOTIATIONS

Undertaking by Pakistan towards the U.S.A. with regard to licensing requirements

The Government of Pakistan agrees that it shall not introduce more stringent licensing requirements than those currently in force (described below) in any form for the items described herein, except in unusual and exceptional circumstances, or in order to safeguard its external financial position and its balance of payments as provided under Article XVIII of the GATT. In such an event, Pakistan agrees that remedial measures shall be of as broad and uniform application as possible with respect to product coverage. In the event licensing requirements are made more stringent on the products described herein, the Government of Pakistan shall, upon request, enter into consultation with the Government of the United States.

<i>Tariff #</i>	<i>Description</i>	<i>Current licensing regime</i>
Ex 21.07	Food preparations n.e.s. or included: excl. vege. protein concentrates, textured vege. protein, and meat analogs and meat extenders prepared from vege. proteins	Freely importable without limitation as regards value, quantity or source
74.07A	Copper pipes and tubes	-do-
84.11B	Air and gas compressors	-do-
84.12B	Air conditioning industrial machines	-do-

<i>Tariff #</i>	<i>Description</i>	<i>Current licensing regime</i>
84.12B	Air conditioners	-do-
84.12B	Parts of air conditioners	-do-
84.21	Spray guns	-do-
84.22C	Lifting and loading machinery n.e.s.	-do-
84.22C	Lifting and loading machinery parts	Freely importable without limitation as regards value, quantity or source
84.23C	Parts of construction machinery	-do-
85.19C	Switchboards and control panels	-do-
87.03	Special lorries, trucks and vans	-do-
76.02B	Aluminum bars, rods, angles, shapes, and sections	Freely importable without limitation as regards value, quantity or source by industrial consumers and public sector agencies
76.04	Aluminum foils	-do-
84.23B	Petroleum and gas drilling machinery	-do-
87.02E	Jeeps	-do-
84.56	Machinery for sorting, screening, crushing and grinding earth, stone, ores	Freely importable without limitation as regards value, quantity or source

ANNEX B 2

GENERAL AGREEMENT ON TARIFFS AND TRADE

MULTILATERAL TRADE NEGOTIATIONS

Pakistan Draft Schedule

<i>Pakistan Tariff position</i>	<i>Description</i>	<i>Current rate</i>	<i>Consolidation</i>
To be supplied	Tanned leather	Free	15%
	Photo and thermo photo copying apparatus	40%	40%

EXCHANGE OF LETTERS

I

The Ambassador to the Permanent Mission of Pakistan to the Acting Head of the United States Delegation to the Multilateral Trade Negotiations

PERMANENT MISSION OF PAKISTAN
GENEVA

11 April 1979

(11)/75-GATT, Vol. II.

Dear Mr. Culbert,

Please refer to the Memorandum of Understanding between the Delegations of Pakistan and the United States of America to the Multilateral Trade Negotiations in

regard to concessions and contributions to be made by the two countries, signed at Geneva on April 2, 1979. I have the honour to inform you that the agreement set forth in the Memorandum of Understanding has been approved by the Government of Pakistan. Government of Pakistan have also agreed to offer to bind items listed in Annex B-2 of the Memorandum, at the rates of duty shown, on the understanding that the United States will include the item under Annex A-3, namely 36015 Floor coverings pile hand inserted, in its Schedule of Concessions with rate of duty of 5.1 percent.

2. I shall greatly appreciate to receive a confirmation of the approval of this agreement by the Government of the United States.

3. Please accept, Sir, the assurances of my highest consideration.

[Signed]

JAMSHEED K. A. MARKER
Ambassador

Mr. William B. Culbert
Acting Head of Delegation
United States Delegation to the
Multilateral Trade Negotiations
Geneva

II

The Ambassador to the Permanent Mission of the United States to the Ambassador to the Permanent Mission of Pakistan

August 2, 1979

Dear Mr. Ambassador:

I am pleased to inform you that my Government has approved the *Ad Referendum* Agreement (including paragraph 3 thereof) initialed by our MTN negotiators in Geneva on April 2, 1979.

The United States has already submitted, as you are aware, a revised Consolidated Schedule (Number XX) for inclusion in the Geneva Protocol of 1979.¹ This Schedule reflects tariff concessions agreed to by the United States in the April 2 document. On the matter of TSUS 360.15 (floor coverings, pile hand inserted or hand knotted, over 66 2/3 cents per square foot), it has become clear that for technical reasons it will be impossible to have implemented the concession (from 11 percent *ad valorem* to 8 percent *ad valorem*) contemplated in paragraph 2 of the Agreement before January 1, 1980. Recognizing the importance of this item to Pakistan, my Government is prepared to accelerate the staging of the bound MTN concession on TSUS 360.15 to the maximum extent allowed by U.S. Law, in lieu of the action contemplated in paragraph 2. The figures below illustrate this proposed alternative as compared to that specified by the April 2 Agreement:

¹ United Nations, *Treaty Series*, vol. 1187, p. 2.

Rate in effect until:

Jan. 1 1980	Jan. 1 1981	Jan. 1 1982	Jan. 1 1983	Jan. 1 1984	Jan. 1 1985	Jan. 1 1986	Jan. 1 1987
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April 2 Agreements:

	1981	1982	1983	1984	1985	1986	1987
8%	8%	8%	8%	8%	7%	6%	5.1%

Proposed alternative:

1	1981	1982	1983	1984	1985	1986	1987
11%	8%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%

I believe it is clear that this alternative treatment is greatly to Pakistan's advantage. The United States revised Consolidated Schedules (Number XX) now includes the provisions for accelerated staging on TSUS 360.15 described above.

My Government wishes to acknowledge Pakistan's acceptance of the *Ad Referendum* Agreement by your Delegation's letter of April 11, 1979 and requests a note confirming the acceptability of the alternative concession on TSUS 360.15 described above. Upon receipt of this note we will consider our Bilateral Agreement to be in effect, and can proceed to include all concessions therein in our Presidential Proclamation implementing the MTN. We look forward to the submission in the near future by Pakistan of a revised GATT Schedule which will include the concessions listed in Annexes B-1 and B-2 of the Agreement. (I note, incidentally, that the Pakistani tariff numbers in Annex 2-B remain to be supplied.) We also anticipate Pakistan's actions on the understandings described in paragraph 2 of the Agreement concerning Ex 3504 (vegetable protein isolates) and the multilateral code on import licensing procedures.

Sincerely,

[Signed]

WILLIAM J. VANDEN HEUVEL
United States Ambassador

His Excellency Jamsheed K. A. Marker
Permanent Representative
Permanent Mission of the
Islamic Republic of Pakistan
Geneva

III

*The Economic Counsellor to the Permanent Mission of Pakistan
to the Ambassador to the Permanent Mission of the United States*

PERMANENT MISSION OF PAKISTAN
GENEVA

30 August 1979

No.2(11)/75-GATT

Dear Mr. Ambassador,

Please refer to your letter of 2 August 1979 and the reply thereto from Ambassador Marker dated 9 August 1979.* In the absence of Ambassador Marker from Geneva, I have the honour to inform you that the Government of Pakistan have accepted the alternative concession on TSUS 36015 proposed by your side.

Tariff numbers of the items covered in Annex B2 to the Agreement are as below:

41.02 Tanned leather

90.10 Photo and thermo photo copying apparatus

Please accept, Excellency, the assurances of my highest consideration.

[Signed]

MOHAMMAD HAMID
Counsellor (Economic)

H. E. Mr. William J. Vanden Heuvel
Ambassador & Permanent Representative
Permanent Mission of U.S.A.
Geneva

RELATED LETTER

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

January 28, 1980

Dear Mr. Ambassador:

I refer to the Memorandum of Understanding of April 2, 1979 negotiated between our two Governments during the Multilateral Trade Negotiations.

The United States intends to treat this Memorandum, the tariff provisions of which have been superseded by Schedule XX (United States) to the Geneva (1979) Protocol and Schedule XV (Pakistan) to the Supplementary Protocol, as an agreement between our two Governments as contracting parties to GATT, effective

* Not printed.

August 30, 1979 pursuant to the exchange of letters of August 2 and 30, 1979. It is also intended to notify the Memorandum to the GATT Secretariat.

It is intended that the modifications in Schedule XX (United States) to the Geneva (1979) Protocol contained in the exchange of letters of August 2 and 30, 1979 will be made a part of the schedule by the GATT certification procedure.

Sincerely,

[*Signed*]

ROBERT C. CASSIDY, Jr.
General Counsel

His Excellency Sultan Muhammad Khan
Ambassador of the Embassy of Pakistan
Washington, D.C.
