

Original: English

**EGYPT – MEASURES AFFECTING IMPORTS
OF TEXTILE AND APPAREL PRODUCTS**

Request for Consultations by the United States

The following communication, dated 23 December 2003, from the Delegation of the United States to the Delegation of Egypt and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of Egypt pursuant to Articles 1 and 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU"), Article XXII:1 of the *General Agreement on Tariffs and Trade 1994* ("GATT 1994"), and Article 7 of the *Agreement on Textiles and Clothing* ("ATC") regarding the tariffs applied to textile and apparel products and the Decree of the President of the Arab Republic of Egypt No. 469 of the year 2001 ("Decree No. 469") and any amendments, related regulations or other implementing measures.

In the Uruguay Round, Egypt agreed to remove a general prohibition on the importation of apparel and made-up textile products by 1 January 2002. It also agreed to bind its duties under HS Chapters 61 (articles of apparel and clothing, knitted and crocheted) and 62 (articles of apparel and clothing, not knitted or crocheted) at an *ad valorem* rate of 46 per cent in 2003, 43 per cent in 2004 and 40 per cent thereafter. Moreover, it agreed to bind its duties under HS Chapter 63 (other made up textile articles; sets; worn clothing) at an *ad valorem* rate of 41 per cent in 2003, 38 per cent in 2004, and 35 per cent thereafter.

The United States understands that, on 31 December 2001, just before the import prohibition was set to expire, President Mubarak issued Decree No. 469 amending the customs duties applicable to a number of imported articles, including articles that enter under HS Chapters 61, 62 and 63. The amended duties were specific (*i.e.*, in Egyptian pounds (L.E.) per piece of clothing), rather than *ad valorem*.

It appears that the specific duties applied by Egypt greatly exceed Egypt's bound rates of duty. Specifically, it appears that the *ad valorem* equivalent of these duties range from a low of 141 per cent to a high of 51,296 per cent – all well above the bound rates.

The United States therefore believes that these tariffs, Decree No. 469 and any related measures are inconsistent with the obligations of Egypt under Article II of the GATT 1994 and Article 7 of the ATC.

We look forward to receiving your reply to this request and to fixing a mutually acceptable date for consultation.
