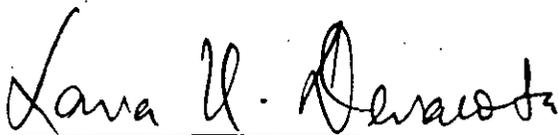


## MEMORANDUM OF UNDERSTANDING

Representatives of His Majesty's Government of Nepal and the Government of the United States of America met in Washington, D.C. on October 23, 1996 to discuss outstanding bilateral textile issues of mutual concern. They agreed to amend the bilateral agreement as follows:

1. To provide special carryforward for category 340 up to 41,000 dozen for the 1996 agreement year,
2. To establish a new specific limit on category 369-S (cotton shoptowels) beginning January 1, 1997, at an annual level of 900,000 kilograms. Annual growth at 3 percent will be provided for the remaining agreement years, and standard agreement flexibility (swing, carryover and carryforward) will be applied, and
3. To amend the visa arrangement to require that visas be issued by His Majesty's Government of Nepal for Categories 369-S and 369-O (miscellaneous cotton manufactured products other than shoptowels), for goods exported from Nepal beginning January 1, 1997.
4. That an investigation will be conducted into the production of shoptowels in category 369-S by U.S. Customs, in cooperation with His Majesty's Government of Nepal. Should the investigation result in a finding by U.S. Customs that shoptowels being imported into the United States as products of Nepal are in fact not produced in Nepal in accordance with applicable U.S. rules of origin, the quota level will be adjusted downward to reflect the estimate by Customs as to actual production levels in Nepal.
5. The provisions of this Memorandum will be applied on signature.



For His Majesty's Government of  
Nepal



For the Government of  
The United States of America

November 6, 1996