ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notifications

Amendment of a Bilateral Agreement between Japan and the United States

The TSB has received from the Governments of the United States and Japan a joint notification of an exchange of notes amending the bilateral agreement on trade in textiles previously negotiated under Article 4 of the Arrangement and circulated as COM.TEX/SB/47.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4, has examined the relevant documentation. The TSB is circulating the text of this agreement to participating countries for their information.

See COM.TEX/SB/35, Annex B
Sir,

I have the honour to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fibre Textiles between Japan and the United States effected by the Exchange of Notes of 27 September and 1 October 1974, and to propose, on behalf of the Government of Japan, the following arrangements:

1. The two Governments anticipate at this time that the changing competitive position of the Japanese man-made fibre yarn industry referred to in paragraph A of the Record of Understanding concerning the Arrangement and the patterns of trade which have developed thereby are likely to continue during the course of the Arrangement.

2. Based on such anticipation, the two Governments agree that categories 201 and 202 as specified in the Arrangement shall not be subjected to the Arrangement and the related letters referred to above. Accordingly, the aggregate limit for wool and man-made fibre and the limit for Group V concerning other man-made fibre textiles as set forth in Annex A(1) of the Arrangement shall be respectively reduced by 226,000,000 square yards equivalent. The two Governments may review the export situation of category 200 as specified in the Arrangement at the annual overall review under paragraph 10 of the Arrangement planned for the end of the second arrangement period described in paragraph 4(a) of the Arrangement. They may also review the export situation of categories 201 and 202 at the time of the said annual overall review.

The Honorable
Henry A. Kissinger
Secretary of State of the
United States of America
3. Should any problem arise from the exports of categories 201 and 202 from Japan to the United States, the two Governments will enter promptly into consultation at the request of either Government. The two Governments will examine such problems in a spirit of mutual confidence and co-operation.

4. Each Government will promptly supply available data requested by the other Government, including export projections, concerning the exports of categories 201 and 202 from Japan to the United States.

I have further the honour to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

(signed) Takeshi Yasukawa
Ambassador Extraordinary and Plenipotentiary of Japan
UNITED STATES NOTE

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

See Japanese Note (Note No. 1)

I have further the honour to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's Note and this Note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

Accept, Excellency, the renewed assurances of my highest consideration.

(signed) For the Secretary of State:
Robert S. Ingersoll
Sir,

I have the honour to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fibre Textiles between Japan and the United States effected by the Exchange of Notes of 27 September 1974 (hereinafter referred to as "the Arrangement"), with related letters signed at Washington on 27 September and 1 October 1974 and, in view of the changing pattern of trade that is developing between the two countries in cotton and man-made fibre textiles and with a view to liberalizing that trade in conformity with the Arrangement Regarding International Trade in Textiles, done in Geneva on 20 December 1973, I have the honour to propose, on behalf of the Government of Japan, the following arrangements:

1. For the period beginning 1 October 1975, and extending through 30 September 1976, cotton textile categories 1-64 as specified in the Arrangement shall not be subject to numerical limits other than those which may arise under the provisions of paragraph 3 thereof. Accordingly, the cotton limits as set forth in Annex A(1) of the Arrangement shall not apply.

2. For the period referred to in paragraph 1 hereof, man-made fibre categories 203, 209, 210, 211, 219, 221, 222, 228, 229, 234-235 and 238 as specified in the Arrangement shall not be subject to specific numerical category limits other than those which may arise under the provisions of paragraph 3 hereof.

3. (1) If the Government of the United States of America considers that imports from Japan of one or more of the categories referred to in paragraph 1 or 2 hereof are increasing so as to cause a real risk of market disruption in the United States, the Government of the United States of America may request consultations with the Government of Japan regarding the category or categories affected.

The Honorable
Henry L. Kissinger
Secretary of State of the
United States of America
(2) When the Government of the United States of America requests such consultations, the Government of Japan shall meet promptly with the Government of the United States of America to work out a mutually satisfactory solution to such problems as may exist with the category or categories affected. The consultations shall be concluded within thirty days from the date of the request for such consultations by the Government of the United States of America unless the two Governments agree otherwise.

(3) In the event that such consultations do not result in a mutually satisfactory solution, the Government of the United States of America may request the Government of Japan to limit the exports of the category or categories affected. In that case, the Government of Japan shall limit the exports of such category or categories, for the twelve month period ending 30 September 1976, at levels in no case lower than 120 per cent of the greater of:

(i) the levels of imports into the United States from Japan of such category or categories during the most recent twelve month period preceding the month in which the request for consultations was made for which relevant data are available to the two Governments, or

(ii) levels of the average annual imports into the United States in such category or categories from Japan during the period beginning 1 October 1971, and extending through 30 September 1974.

(4) Consultations under this paragraph 3 will not be requested for any category when imports from Japan in such category are at annual levels not more than 1,000,000 square yards equivalent for each category other than apparel, and 700,000 square yards equivalent for each apparel category.

(5) The Government of the United States of America will provide a detailed factual statement of the reasons and justification for its request for consultations, including data similar to that contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles as well as relevant data on imports from third countries. The Government of the United States of America will make similar requests for consultations to the governments of other countries whose exports to the United States of the categories referred to in paragraphs 1 and 2 hereof are subject to restraints in cases where imports from such countries in the same category are increasing.

(6) This paragraph 3 will be implemented in such a manner as to achieve the principles and objectives set out in the Arrangement Regarding International Trade in Textiles, and will only be resorted to sparingly.
(7) The two Governments recognize that exports of the categories referred to in paragraphs 1 and 2 hereof from Japan to the United States are unlikely to contribute to conditions of market disruption in the United States during the period referred to in paragraph 1 hereof. Accordingly, the Government of the United States of America does not presently foresee a situation in which it would be necessary to request consultations under this paragraph 3.

(8) In case such consultations take place, the two Governments agree that full and sympathetic consideration will be given to such treatment as specific level, growth rate and flexibility including inter-fibre flexibility accorded to the category or categories in question under terms of the Arrangement and to the evidence presented by the Government of the United States of America as to the real risk of market disruption. If the Government of Japan indicates that the level of restraint requested by the Government of the United States of America would result in undue hardship or inequity, the two Governments will examine such problems on the basis of relevant materials with a view to clarifying the situation and to developing a solution to such problems in a spirit of mutual confidence and co-operation and in a manner consistent with the objectives of the Arrangement Regarding International Trade in Textiles and the movement toward liberalization of the Arrangement.

4. The two Governments agree to review the foregoing arrangements by 30 September 1976, taking into account the changing pattern of trade that is developing between the two countries in cotton and man-made fibre textiles, and in line with the Arrangement Regarding International Trade in Textiles.

I have further the honour to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

(signed) Takeshi Yasukawa
Ambassador Extraordinary and Plenipotentiary of Japan
Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

See Japanese Note (Note No. 3)

I have further the honour to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's Note and this Note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

Accept, Excellency, the renewed assurances of my highest consideration.

(signed) For the Secretary of State:
Robert S. Ingersoll

His Excellency
Takeshi Yasukawa
Ambassador of Japan
Record of Discussions

The representatives of the Government of Japan and the Government of the United States of America met from 23 September to 11 October 1975, and agreed to record the following:

Both Governments recognize that international economic conditions have changed since the first multifibre textile arrangement between the two Governments came into force in 1972 and especially since the bilateral arrangement between the two Governments of 1974 (the "Arrangement of 1974") came into force, and both Governments believe that barring unforeseen circumstances these changed conditions are likely to endure over the next several years.

With this in mind and in reference to the Arrangement Regarding International Trade in Textiles which calls for progress toward liberalization of trade in textiles, the two Governments agree that, at the time of the annual overall review planned for the end of the second arrangement period of the Arrangement of 1974, they will review the entire bilateral arrangement with particular reference, among other items, to an examination of the consultation mechanism of paragraph 7 of the Arrangement of 1974 and other consultation mechanisms agreed to between the two countries, so that the entire bilateral arrangement may be brought more in conformity with both the spirit and intent of the Arrangement Regarding International Trade in Textiles, thus reflecting more accurately the pattern of trade in textiles from Japan to the United States which has resulted from the changed conditions referred to above.

For the Japanese Delegation:  For the United States Delegation:
Hiromu Fukada  Michael B. Smith