ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Amendments to an Agreement between
the United States and Japan

The Textiles Surveillance Body has received a notification from the United States regarding certain amendments to its bilateral agreement with Japan concerning trade in textiles.

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

1 For details of the agreement and its original amendment see COM.TEX/SB/47 and 171.
2 See COM.TEX/SB/35, Annex E.
The United States and Japan exchanged notes on 15 February 1977, concerning trade in cotton, wool and man-made fibre textiles in connexion with the Arrangement of 27 September 1974, between the two countries. The texts of the notes follow.

(1st Note)

JAPANESE NOTE

15 February 1977

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 regarding the Arrangement between the Government of Japan and the Government of the United States 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 also regarding the exchange of notes dated 19 December 1975, concerning cotton and man-made fibre textiles and, in view of the changing pattern of trade that is developing between the two countries in cotton, wool 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 1976, and extending through 31 December 1977, cotton categories 1 through 64, wool categories 101 through 128, 131 and 132 and man-made fibre categories 203 through 243 as specified in Annex B of the Arrangement, shall not be subject to numerical limits other than those which may arise under the provisions of paragraph 2 hereof. Accordingly, the aggregate and group limits as set forth in Annex A (1) of the Arrangement and the specific limits as set forth in Annex A (2) of the Arrangement shall not apply.
2. (1) If the Government of the United States considers that imports from Japan of one or more of the categories referred to in paragraph 1 hereof are increasing so as to cause a real risk of market disruption in the United States, the Government of the United States may request consultations with the Government of Japan regarding the category or categories affected.

(2) When the Government of the United States requests such consultations, the Government of Japan shall meet promptly with the Government of the United States 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 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 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 fifteen-month period ending 31 December 1977, at levels in no case lower than 130 per cent for cotton and man-made fibre categories or 109 per cent for wool categories of the greater of:

(i) 125 per cent of 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) 125 per cent of the levels of the average annual imports into the United States in such category or categories from Japan during the period beginning 1 January 1972, and extending through 31 December 1975.

(4) Consultations under this paragraph 2 will not be requested for any category when imports from Japan in such category are at annual levels not more than 1 million square yards equivalent for each man-made fibre or cotton category other than apparel, 700,000 square yards equivalent for each man-made fibre or cotton apparel category, and 100,000 square yards for each wool category.

(5) The Government of the United States 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 will make similar requests for consultations to the governments of other countries whose exports to the United States of the categories referred to in paragraph 1 hereof are subject to restraints in cases where imports from such countries in the same category are increasing.
6. This paragraph 2 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 paragraph 1 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 does not presently foresee a situation in which it would be necessary to request consultations under this paragraph 2.

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 interfibre 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 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 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.

3. Upon request of either government, the two governments agree to review the foregoing arrangements prior to 31 December 1977, taking into account the changing pattern of trade that is developing between the two countries in cotton, wool 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 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.

Ambassador Extraordinary and
Plenipotentiary of Japan
15 February 1977

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)

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) Julius L. Katz
For the Acting Secretary of State

(2nd Note)

JAPANESE NOTE

15 February 1977

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 regarding the Arrangement between the Government of Japan and the Government of the United States 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 also regarding the Exchange of Notes dated 19 December 1975 concerning man-made fibre yarn (hereinafter referred to as "the Exchange of Notes"). I have further the honour 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 4 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 category 200 as specified in the Arrangement shall not be subject to the Arrangement and the letters related thereto.

3. Paragraphs 3 and 4 of the Exchange of Notes will apply to exports of category 200 from Japan to the United States as if category 200 were designated in said paragraphs 3 and 4.

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 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.

Ambassador Extraordinary and Plenipotentiary of Japan
UNITED STATES NOTE

15 February 1977

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)

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) Julius L. Katz

For the Acting Secretary of State