ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:1

Amendment to the Agreement between the
United States and Korea

The Textiles Surveillance Body has received a notification from the United States of an amendment to its bilateral agreement with Korea, concluded under Article 4 of the Arrangement.1

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4:2, has examined the relevant documentation and is circulating the text of the notification to the participating countries.2

1/ For details of the original agreement and previous amendments, see COM.TEX/SB/329, 341, 414, 526 and 583.
2/ See COM.TEX/SB/35, Annex B.
3/ The observations of the TSB concerning this amendment are contained in COM.TEX/SB/632, paragraphs 7-11.
UNITED STATES NOTE

September 8, 1980

His Excellency

Yong Shik Kim,

Ambassador of Korea.

Excellency,

I have the honor to refer to the Agreement of December 23, 1977, Relating to Trade in Cotton, Wool and Man-Made Fiber Textiles and Textile Products, with Annexes, as amended, between the Governments of the United States of America and the Republic of Korea (the "Agreement") and to consultations between representatives of the Governments of the United States of America and the Republic of Korea held in Washington, D.C. from January 30 to February 5, 1980.
On the basis of these consultations, I have the honor to propose, on behalf of the Government of the United States of America, that the Agreement be amended as follows:

1. Effective from January 1, 1980 and until the termination of the Agreement on December 31, 1982, Annex C of the Agreement shall be deleted and Paragraph 6 of the Agreement shall be replaced by the following:

"6. Each Category and Sub-Category not subject to a Specific Limit will be subject to the Aggregate and applicable Group Limits and the consultation procedures as set forth in this paragraph.

(a) The Government of Korea shall provide prompt reports (i.e., as soon as possible but in no case later than five days following the close of the reporting period) to the Government of the United States on export recommendations (ERs) issued for exports to the United States for textile categories included in the ER system on the following basis:

(1) Monthly reports except as indicated in 6(a) (2) or (3) below:
(2) For Agreement Year 1980, semi-monthly reports beginning either:

(i) when ERs issued for a Category or Sub-Category reach 80 percent of Korea's exports in that Category or Sub-Category to the United States in the previous years; or

(ii) October 1 of the 1980 Agreement Year, whichever is sooner. With respect to Categories or Sub-Categories where ERs reach 80 percent of the previous year's trade as described above, the Republic of Korea additionally will immediately notify the Government of the United States when this occurs.

(3) For Agreement Years 1981 and 1982 the Republic of Korea shall report weekly when ERs issued reach 80 percent of the previous year's trade or beginning October 1 whichever is sooner. In both years the Government of Korea
shall immediately notify the Government of the United States of America when ERs issued reach 80 percent of the previous year's trade.

(b) The Government of the United States may request consultations with a view to agreement on an appropriate level of restraint for any Category or Sub-Category not given a Specific Limit for any Agreement Year whenever, in the view of the Government of the United States, conditions in its market are such that a limitation on further trade in any such Category or Sub-Category is necessary in order to eliminate a real risk of market disruption.

(c) The request for such consultations shall be supported as soon as possible, and in any case within 21 days of the date of the request, by a statement of market conditions in the United States which in the opinion of the Government of the United States make necessary the request for consultations. This statement shall include
data similar to that contemplated in paragraphs 1 and 2 of Annex A of the Arrangement.

(d) Upon receipt of a request for such consultations, the Republic of Korea, as requested by the Government of the United States, shall cease or otherwise limit further issuance of ERs for a period of seven (7) U.S. working days. The Government of the United States may request the Republic of Korea to extend the period of seven (7) U.S. working days mentioned above and may also request Korea to limit the issuance of ERs to a level different from that specified in paragraph 6 (e) (i) and (ii) below, whichever is applicable. The Government of the Republic of Korea shall consider any such request sympathetically and shall respond promptly. Unless agreed otherwise, the Republic of Korea shall have the right, following the expiry of the period of seven (7) U.S. working days mentioned above, to resume the issuance of ERs up to the
level specified in paragraph 6 (e) (i) and (ii) below, whichever is applicable. ERs thus issued as well as ERs issued prior to receipt of the request for consultations may be honored by the issuance of export licenses by the Government of the Republic of Korea. The two Governments, unless agreed otherwise, shall consult as soon as possible within 30 days of the request for such consultations and shall make their best efforts to complete such consultations within 30 days of the commencement.

(e) (i) In the event that consultations do not result in agreement, the Government of the United States shall have the right to request the Government of the Republic of Korea to limit exports of the relevant products during the Agreement Year in which the request for consultations is made to a level not less than the highest of:

(A) the level of the trade in the relevant product or category for the immediately preceding Agreement Year plus either 20 percent
of that level (in the case of cotton and man-made fiber products) or 6 percent of that level (in the case of wool products),

(B) the average of the level of trade in the relevant product or category for all previous Agreement Years since January 1, 1978 plus either 20 percent of that level (in the case of cotton and man-made fiber products) or 6 percent of that level (in the case of wool products),

(C) the limit requested by the Government of the United States for the cessation of issuance of ERs in accordance with paragraph 6 (d) hereof.

(ii) Except as provided for in paragraph (iv) below in respect of any product or category where a limit has been established for a single Agreement Year and where, in the immediately subsequent Agreement Year the Government of the United States makes another request for consultations
under paragraph 6 (b) of this Agreement, and, in the event that such consultations do not result in agreement, the Government of the United States shall have the right to request the Government of the Republic of Korea to limit exports of the relevant products during the Agreement Year in which the request for consultations is made, to a level not less than the higher of:

(A) the limit established for the immediately preceding year plus either 8 percent of that limit (in the case of cotton and man-made fiber products) or 3 percent of that limit (in the case of wool products)

(B) the limit requested by the Government of the United States for the cessation of issuance of ERs in accordance with paragraph 6 (d) hereof.

(iii) Where the Government of the United States makes a request under paragraph 6 (e) (i) and (ii) hereof the
Government of the Republic of Korea agrees that it will honor such a request.

(iv) In respect of any product or category for which a limit is established in any one Agreement Year, either Government may, prior to the start of the immediately following Agreement Year, elect to convert that limit into a Specific Limit effective as such, from the 1st of January of the immediately following Agreement Year and that product or category shall remain subject to a Specific Limit for the duration of this Agreement. Where such a conversion is made, the Specific Limit so created shall, from the date of effectiveness, be accorded growth at 5.0 percent (in respect of cotton and man-made fiber products) or 1 percent (in respect of wool products). The Specific Limit so created shall, beginning in the year of effectiveness be accorded flexibility pursuant to paragraphs 8 and 9 of the Agreement, except that the carryover provisions of paragraph 9 shall not apply until the second year.
(v) Should two requests in respect of the same category or product be made under paragraph 6 (b) hereof during the term of this Agreement but in different Agreement Years, not being consecutive years, the provisions of paragraph 6 (e) (i) shall apply to the second of the two requests.

(vi) For the purpose of paragraph 6 hereof the phrase "Level of Trade' shall mean the level of trade established by consultations to be held concurrently with the consultations envisaged under paragraph 6 (a) in hereof, or, where such consultations have not been completed, the level of trade by date of export."

2. Annex B shall be amended as follows:
   a) Effective January 1, 1980 categories 319 and 647 shall be deleted from Annex B and shall become subject to the ER system in paragraph 6.
b) The Group III limit shall be amended as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>1980</th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,702,533</td>
<td>15,859,558</td>
<td>16,018,154</td>
</tr>
</tbody>
</table>

c) The restraint level for Category 443 (Suits - Men's and Boys') shall be 26,704 dozen for the 1980 Agreement Year.

3. With respect to the use of the flexibility provisions of paragraphs 8 and 9 of the Agreement, the Republic of Korea undertakes the following for Agreement Year 1980 only:

a) to limit utilization of swing to one percentage point below that authorized in the Agreement in each of the Specific Limit categories in Group II as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Swing Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>333/4/5</td>
<td>6%</td>
</tr>
<tr>
<td>338/9</td>
<td>6%</td>
</tr>
<tr>
<td>340</td>
<td>6%</td>
</tr>
<tr>
<td>341</td>
<td>6%</td>
</tr>
<tr>
<td>347/8</td>
<td>6%</td>
</tr>
<tr>
<td>633/4/5</td>
<td>5%</td>
</tr>
<tr>
<td>638/9</td>
<td>5%</td>
</tr>
<tr>
<td>640 (dress)</td>
<td>5%</td>
</tr>
<tr>
<td>640 (other)</td>
<td>5%</td>
</tr>
<tr>
<td>641</td>
<td>5%</td>
</tr>
<tr>
<td>643</td>
<td>5%</td>
</tr>
</tbody>
</table>
b) to forego utilization of all carryover and carryforward for the Specific Limit categories in Group II of the Agreement, as listed in sub-paragraph (a) hereof.

c) Neither sub-paragraphs (a) and (b) hereof shall affect the flexibility provisions for Group II as provided for in the Agreement.

4. Within existing Category 659, a Sub-Category for headwear (659 pt – headwear) is created, covering TSUSA numbers 703.0500 and 703.1000. It is agreed that Korean exports of these products to the United States in 1980 will not exceed a level more than six percent higher than 1979 Korean exports in this Sub-Category.

If the foregoing arrangement is acceptable to the Government of the Republic of Korea this note and your note of acceptance on behalf of the Government of the Republic of Korea shall constitute an amendment to the Agreement.

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

For the Secretary of State:
SEPTEMBER 8, 1980

His Excellency
Edmund S. Muskie
Secretary of State
Department of State
Washington, D.C.

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's Note of September 8, 1980 proposing certain amendments to the bilateral Textile Trade Agreement between our two Governments.

I have further the honor to inform Your Excellency that the proposals set forth in your Note are acceptable to the Government of the Republic of Korea and to confirm on behalf of the Government of the Republic of Korea that Your Excellency's Note and this Note in reply thereto constitute an amendment to the Agreement.

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

Yong Shik Kim
Ambassador