ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Amendment to the bilateral agreement between the United States and Korea

Note by the Chairman

The attached notification received from the United States mission concerns a further amendment to the existing bilateral agreement, as amended, between the United States and Korea.

1 For original agreement see COM.TEX/SB/126.
The Honorable
Ambassador Paul Wurth
Chairman, Textiles Surveillance Body
Centre William Rappard
154, rue de Lausanne
CH-1211 Geneve 21

Dear Mr. Chairman:

Pursuant to the provisions of paragraph 4 of Article 4 of the Arrangement Regarding International Trade in Textiles, I am instructed to inform the TSB of the amendment of the bilateral textile agreement of June 26, 1975, as amended, between the Government of the United States of America and the Government of the Republic of Korea. The original agreement was notified to the TSB and subsequently circulated as COM.TEX/SB/126 of 24 October 1975.

The purpose of the amendment was to extend the life of the old agreement (which expired September 30, 1977) through December 31, 1977 in order to allow more time for the negotiation of a mutually acceptable new bilateral agreement. The amendment also provides for pro-rata adjustment of all limitations in the old agreement to take into account the conversion of the last agreement year from a twelve-month period to a fifteen-month period.

Notes effecting a provisional extension of the agreement were exchanged (two exchanges) on September 27, 1977 and, following completion of the Korean ratification procedure, a further exchange was made on November 3, 1977 giving de jure effect to the extension.

Attached hereto are State Department Press Releases Nos. 440 of September 29, 1977 and 507 of November 9, 1977 containing full texts of the Note exchanges described above.

Sincerely,

Harry M. Phelan, Jr.
Minister Counselor

Enclosures:
As stated
The United States and Korea amended and extended the bilateral agreement on trade in cotton, wool and man-made fiber textiles on September 27, 1977. The texts of the notes follow:

**UNITED STATES NOTE**

September 27, 1977

His Excellency
Yong Shik Kim
Ambassador of Korea

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done in Geneva on December 20, 1973.

I also refer to the Bilateral Agreement of June 26, 1975 as amended (hereinafter referred to as the Agreement), relating to trade in cotton, wool and man-made fiber textiles between the Republic of Korea and the United States of America, and to discussions between representatives of the Governments of the Republic of Korea and the United States of America held in Washington from July 26 to August 4, 1977, and in Seoul from August 23 to August 30, 1977, concerning the extension of the Agreement. As a result of these discussions, and in conformity with Article 4 of the Arrangement, I propose on behalf of my Government that the Agreement be amended as follows:

1. The Agreement is extended to cover the period October 1, 1977 through December 31, 1977.

2. The agreement year covering the period October 1, 1976 through September 30, 1977 under the Agreement is extended to include the period from October 1, 1976 through December 31, 1977, with the aggregate limit, the group limits and each specific limit applicable during the
agreement year covering the period October 1, 1976 to December 31, 1977 being equal to 125 percent of the corresponding limit applicable during the agreement year covering the period October 1, 1976 to September 30, 1977, plus an amount equal to the product of one-fourth of the corresponding limit for the agreement year covering the period from October 1, 1976 to September 30, 1977 multiplied by the rate of growth applicable to such limit between the second and third agreement years. The difference between the amounts resulting from the application of 6.75 percent annual growth to the aggregate limit and 1 percent annual growth to the Group III limit shall be divided pro rata among the group limits for Group I and II.

3. For the agreement year covering the period from October 1, 1976 to December 31, 1977, the consultation levels set in paragraph 8 (a) and in Annex B of the Agreement shall be 125 percent of the corresponding levels for the agreement year covering the period October 1, 1976 to September 30, 1977.

4. To avoid distortion of existing trade patterns, the aggregate, group, and specific limits for the agreement year covering the period October 1, 1976 to December 31, 1977 may each, after mutually satisfactory completion of consultations, be exceeded by not more than 6 percent of the sum of the corresponding limit applicable during the agreement year covering the period October 1, 1976 to September 30, 1977 plus an amount equal to growth on one-fourth of such limit at the rate of growth applicable to such limit between the second and third agreement years, provided that an equivalent reduction is made to the appropriate applicable limits during the first agreement year of the Bilateral Textile Restraint Agreement beginning January 1, 1978.

If this proposal is acceptable to the Government of the Republic of Korea, this note and your Excellency's note of acceptance on behalf of the Government of the Republic of Korea shall constitute an agreement between our two Governments, amending the Agreement.

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

For the Secretary of State:
/S/ William G. Barraclough
KOREAN NOTE

September 27, 1977

His Excellency
Cyrus R. Vance
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 27, 1977, relating to trade in cotton, wool and man-made fiber textiles from the Republic of Korea to the United States of America and extension of the Agreement of June 26, 1975, as amended, concerning such trade.

I have further the honor to inform Your Excellency that the proposal set forth in Your Excellency's note conform with the understanding of the Government of the Republic of Korea and to confirm that Your Excellency's note and this reply constitute an agreement between our two Governments further amending the Agreement of June 26, 1975.

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

/S/ Yong Shik Kim
Ambassador

UNITED STATES NOTE

September 27, 1977

His Excellency
Yong Shik Kim
Ambassador of Korea

Excellency:

I have the honor to refer to Your Excellency's note of today's date concerning the provisional nature of the extension of the bilateral agreement of June 26, 1975, as amended, relating to trade in cotton, wool and man-made fiber textiles. I have further the honor to confirm that the proposal set out in Your Excellency's note is acceptable to the Government of the United States of America and that the bilateral textile agreement of June 26, 1975, as
amended, is extended provisionally in accordance with the terms of Your Excellency's note.

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

For the Secretary of State:
/S/ William G. Barraclough

KOREAN NOTE

September 27, 1977

His Excellency
Cyrus R. Vance
Secretary of State
Department of State
Washington, D.C.

Excellency:

With reference to the notes exchanged today concerning the extension of the Bilateral Agreement of June 26, 1975 as amended, between the two governments relating to trade in cotton, wool and man-made fiber textiles, I have the honor, on behalf of my government, to propose that the amendments as contained in the said note will take effect provisionally until the Government of the Republic of Korea notifies the Government of the United States of America of the completion of its domestic legal procedures necessary for the formal entry into force of the above-mentioned amendment.

If the above proposal is acceptable to your government, I have further the honor to suggest that this note and your note of acceptance shall constitute an agreement between the two governments.

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

/S/ Yong Shik Kim
Ambassador
November 9, 1977
No. 507

UNITED STATES AND REPUBLIC OF KOREA
AMEND AND EXTEND BILATERAL TEXTILE AGREEMENT

On September 27, 1977, the United States and Korea provisionally amended and extended the bilateral agreement on trade in cotton, wool and man-made fiber textiles, pending completion of Korean domestic legal procedures. (Press Release No. 440 dated September 29, 1977). The text of the Korean note reflecting completion of such procedures follows:

KOREAN NOTE

November 3, 1977

His Excellency,
Cyrus R. Vance
Secretary of State
Department of State
Washington, D.C.

Excellency:

With reference to our exchange of notes dated September 27, 1977, concerning the provisional nature of the extension of the bilateral agreement of June 26, 1975, as amended, relating to trade in cotton, wool and man-made fiber textiles, I have the honor to notify Your Excellency that the Government of the Republic of Korea has completed its domestic legal procedures necessary for the formal entry into force of the above-mentioned extension.

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

/S/ Yong Shik Kim
Ambassador