The attached notification received from the United States Mission relates to the conclusion of a new three-year multifibre agreement between the United States and Japan.

For previous agreement and subsequent amendments, see COM.TEX/SB/171, 233 and 398.

La Mission des Etats-Unis a fait parvenir au secrétariat la notification ci-jointe relative à la conclusion, pour une période de trois ans, d'un nouvel accord multifibres entre les Etats-Unis et le Japon.

Pour l'accord précédent et les modifications qui lui ont été apportées, voir les documents COM.TEX/SB/171, 233 et 398.
The Honorable
Ambassador Paul Wurth
Chairman, Textiles Surveillance Body
G.A.T.T.
154, rue de Lausanne
CH-1211 Geneva 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 by my government to inform the Textiles Surveillance Body of a new three-year cotton, wool and man-made fiber textiles agreement between the Government of the United States of America and the Government of Japan. This new bilateral agreement, which covers the period from January 1, 1979 through December 31, 1981, replaces the earlier agreement which, with amendments, had been notified and circulated as COM.TEX/SB/47, 171, 233 and 398.

The new agreement, as was its predecessor, is essentially a consultation agreement. It is, with the exception of changes in the provisions for computing base levels when no agreement can be reached in consultations, substantially the same as its predecessor agreement as amended and extended. A comparison of paragraphs 2:3(i) and (ii) of the agreement notified under COM.TEX/SB/233, paragraphs 3:3(i) and (ii) of the interim (extended) agreement notified under COM.TEX/SB/398, and paragraphs 4:3(i) and (ii) of the new agreement will provide a clear, chronological exposition of the changes cited above.

My government has also instructed me to inform the TSB that, pursuant to the consultation procedures of the new agreement, the government of Japan has agreed to limit exports of eleven items to the levels stipulated in the attached record of discussion.
The new bilateral agreement and the limitations on exports pursuant to it reflect mutual understanding on the part of the Government of Japan and the Government of the United States of America that such an agreement and such export limitations will be mutually beneficial to both countries in pursuing the basic objectives and principles of the MFA as expressed in paragraph 2 of Article 4 thereof.

This understanding is reflected in both paragraph 2 of the August 17 note of the Government of Japan and paragraph 2 of the August 27 memorandum of understanding giving effect to the aforementioned limitation on eleven categories. Copies of these documents, as well as a copy of the United States' note of August 17, are attached hereto.

Sincerely,

[Signature]

Robert E. Shepherd

Attachments:
As stated
Excellency:

I have the honor to acknowledge receipt of your Excellency's letter of August 17, 1979 and the Record of Understanding attached thereto relating to the discussions leading to the conclusion of the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Hand-made Fiber Textiles between Japan and the United States of America effected by the Exchange of Notes today.

I wish to confirm the Record of Understanding referred to above.

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

For the Secretary of State:

(True copy of signed original)

His Excellency

Fumihiko Togo,

Ambassador of Japan.
August 17, 1979

Excellency,

With reference to the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States of America effected by the Exchange of Notes today, I wish to confirm the Record of Understanding attached hereto which contains the views and intentions expressed by the representatives of the two Governments in the discussions leading to the conclusion of the said Arrangement.

I further wish to request Your Excellency to be good enough to confirm the Record of Understanding referred to above.

Sincerely yours,

Fumihiko Togo
Ambassador Extraordinary and Plenipotentiary of Japan

Attachment

The Honorable
Cyrus R. Vance
The Secretary of State
RECORD OF UNDERSTANDING

With respect to paragraph 4 of this Arrangement:

1. The Government of the United States of America, when invoking the provisions of sub-paragraph (4) of paragraph 4, will give full and sympathetic consideration to the views presented by the Government of Japan.

2. As paragraph 4 is implemented in the form of export restraint, the Government of the United States of America will honor, in principle, the export licenses already issued, while the Government of Japan will endeavor to avoid exceptionally large issuance of export licenses, particularly extraordinary concentration in one category.

3. If the consultations referred to in sub-paragraph (1) of paragraph 4 would result in an immediate and complete stoppage of issuance of export licenses, a certain reasonable degree of further issuance of export licenses will be considered in such consultations. The contracts which have been entered into by the time of the request for consultations will be duly taken into account in such consultations.

4. If requested, the Government of Japan will provide to the Government of the United States of America, promptly, information on export licenses and, as soon as practicable, information on license applications for any category during the year in question, and such additional information on contracts for exports in such category as may be available. Such information may be requested prior to the making of a formal request for consultations, and a request for such information will not constitute a request for consultations.
August 22, 1979

RECORD OF DISCUSSION

1. During the course of talks between the representatives of the Government of Japan and the United States of America on trade in textile products held in Tokyo in January 1979, Japanese exports to the United States of America of eleven items in the list attached were discussed.

2. The representative of the Government of the United States of America explained the overall import situation with respect to the said items, and requested Japanese cooperation by limiting exports from Japan of these items. The representative of the Government of Japan expressed the Government's readiness and intention to see to it that the exports of the said items from Japan to the United States of America not exceed the respective levels set forth in the list, and the representative of the Government of the United States of America concurred.

Enclosures:

List of Eleven Items

For the delegation of Japan:                      For the delegation of the
For the delegation of the United States of America:
Japan's export restraints on specific categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Level of limit, growth</th>
<th>Swing and Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) TQ348</td>
<td>Total of 4.6 million dozens, over 4 years (1978 - 81).</td>
<td>Orderly spacing</td>
</tr>
<tr>
<td>(2) TQ435</td>
<td>Total of 1,125,000 units, over 4 years (1978 - 81), of which not more than 468,000 units in 1979.</td>
<td>No swing among these three categories in 1979. Subject concerning swing among these three categories with respect to 1980 and 1981 will be raised during consultations late in 1979.</td>
</tr>
<tr>
<td>(3) TQ442</td>
<td>Total of 825,000 units, over 4 years (1978 - 81), of which not more than 296,000 units in 1979.</td>
<td></td>
</tr>
<tr>
<td>(4) TQ448</td>
<td>Total of 1,260,000 units, over 4 years (1978 - 81), of which not more than 365,000 units in 1979.</td>
<td></td>
</tr>
<tr>
<td>(5) TQ331</td>
<td>Not more than 1,646,816 dozen pairs in 1979. Standstill in 1980, 1981. The USG shall consult with the GOJ when the latter requests the consultations on the size of quotas for 1980 and 1981.</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Level of limit, growth</td>
<td>Swing and Others</td>
</tr>
<tr>
<td>----------</td>
<td>------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>(6) TQ339</td>
<td>Not more than 1,967,300 dozens in 1979. 3% annual growth shall be given to the limits for 1980 and 1981.</td>
<td></td>
</tr>
<tr>
<td>(7) TQ612</td>
<td>Not more than 206,040,000 syds in 1979. The two governments will consult on quotas for 1980 and 1981 during 1979 and 1980, respectively.</td>
<td>The GOJ will make every effort to ensure that monthly shipments will not exceed 20 million syds during the period of any restraint.</td>
</tr>
<tr>
<td>(8) TQ410</td>
<td>Not more than 14 million syds in 1979. 1% annual growth in 1980 and 1981. Annual export level will not exceed 6 million syds over previous year's export level during the period of 1979 - 81.</td>
<td>5% swing from the part of TQ614 (TSUSA 338-3010, 338-3015) during the period of 1979 - 81.</td>
</tr>
<tr>
<td>(9) Part of TQ614 (TSUSA 338 - 10, 338 - 15)</td>
<td>Not more than 17 million syds, 6% annual growth in 1980 and 1981.</td>
<td>7% swing from TQ410 during the period of 1979 - 81.</td>
</tr>
</tbody>
</table>
Japan's export restraints on specific categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Level of limit, growth</th>
<th>Swing and Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>(10) Part of TQ604 (TSUSA 310-5049)</td>
<td>Not more than 7,750,000 lbs. in 1979.</td>
<td>Orderly spacing. Swing from other categories under restrictions will be raised if necessary.</td>
</tr>
<tr>
<td>(11) TQ335</td>
<td>Total of 522,000 dozens over three years. (1979 - 1981).</td>
<td></td>
</tr>
</tbody>
</table>
United States and Japan Sign Textile Agreement

The United States and Japan exchanged notes on August 17, 1979, to effect a new bilateral agreement on trade in cotton, wool, and man-made fiber textiles between the two countries. Texts of the notes follow:

Japanese Note

August 17, 1979

The Honorable
Cyrus R. Vance
The Secretary of State

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles done in Geneva on December 20, 1973 and extended by the Protocol done in Geneva on December 14, 1977 (hereinafter referred to as "the Arrangement Regarding International Trade in Textiles").

I have further the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America concerning trade in cotton, wool and man-made fiber textiles between Japan and the United States of America and to confirm, on behalf of the Government of Japan, the understanding reached between the two Governments that, pursuant to the provisions of Article 4 of the Arrangement Regarding International Trade in Textiles and with a view to providing for orderly development of trade in cotton, wool, and man-made fiber textiles between Japan and the United States of America, the arrangement attached hereto will be applied by the two Governments.

EB/TEX:Ann Berry (202) 632-2062
I have further the honor to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of the Government of the United States of America.

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

/S/ Fumihiko Togo
Ambassador Extraordinary and Plenipotentiary of Japan


Pursuant to the provisions of Article 4 of the Arrangement Regarding International Trade in Textiles permitting bilateral agreements consistent with the basic objectives and principles thereof "on mutually acceptable terms in order, on the one hand, to eliminate real risks of market disruption in importing countries and disruption to the textile trade of exporting countries, and on the other hand, to ensure the expansion and orderly development of trade in textiles..." the following provisions will be applied by the two Governments.
1. The provisions of this Arrangement will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

2. The two Governments recognize that their rights and obligations under the General Agreement on Tariffs and Trade are not affected by this Arrangement.

3. For the period beginning—January 1, 1979 and extending through December 31, 1981, existing cotton categories 300 through 369, existing wool categories 400 through 469, and existing man-made fiber categories 603 through 669, as specified in the U.S. Correlation of January 1979 (Textile and Apparel Categories with Tariff Schedules of the United States Annotated) and any subsequent technical modifications thereof, will not be subject to numerical limits other than those arising under the provisions of paragraph 4 hereof.

4. (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 3 hereof are increasing so as to cause a real risk of market disruption in the United States of America, the Government of the United States of America may request consultations with the Government of Japan regarding the category or categories affected.
(2) When the Government of the United States of America requests such consultations, the Government of Japan will 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 will 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 will limit the exports of such category or categories, for the twelve-month period ending December 31 of the year in which the request for such consultations is made, at levels in no case lower than 120 percent for cotton and man-made fiber categories or 106 percent for wool categories of the greater of:

(i) the levels of imports into the United States of America from Japan of such category or categories during the first twelve months of the fourteen months preceding the month in which the request for such consultations is made, or
(ii) the levels of the average annual imports into the United States of America in such category or categories from Japan during the first four calendar years of the five calendar years preceding the year in which the request for such consultations is made.

(4) If, in requesting the consultations referred to in subparagraph (1) above, the Government of the United States of America considers that unusual and exceptional market conditions exist in the United States of America where imports in the category or categories in question will cause serious disruption, the Government of Japan will, notwithstanding the provisions of sub-paragraph (3) above, limit the exports of the category or categories in question by applying the provisions of sub-paragraph (3) (i) above.

(5) Consultations under the provisions of this paragraph 4 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 man-made fiber or cotton category other than apparel, 700,000 square yards equivalent for each man-made fiber or cotton apparel category, and 100,000 square yards equivalent for each wool category.
(6) 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 those contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles as well as available relevant data on imports from third countries.

(7) The provisions of this paragraph 4 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.

(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 interfiber flexibility accorded to the similar category or categories in question under the arrangement effected by the Exchange of Notes of September 27, 1974 between the two Governments 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 cooperation and in a manner consistent with the objectives of the Arrangement Regarding International Trade in Textiles.

5. If the Government of Japan considers that as a result of the application of this Arrangement, Japan is, or is threatened to be, placed in an inequitable position vis-à-vis a third country whose exports to the United States of America of cotton, wool and man-made fiber textiles are subject to restraint, or that Japan is, or is threatened to be, put in a substantially disadvantageous position compared with any other exporting country because of such factors as a remarkable increase of exports by such country to the United States of America, the Government of Japan may request consultations with the Government of the United States of America. Such consultations will be held and concluded promptly with a view to taking appropriate remedial action such as a reasonable modification of this Arrangement. The Government of the United States of America will take such appropriate remedial measures as may be deemed satisfactory by the two Governments in the consultations.
6. During the period referred to in paragraph 3 hereof, the two Governments will exchange current data monthly on exports and imports between Japan and the United States of America of the textiles covered by this Arrangement as rapidly as possible.

7. The representatives of the two Governments will meet at the request of either Government and at least once a year for a general overall review of this Arrangement and its implementation. Such review will include consideration of changing conditions in the industries, markets and trade of the two countries in the textile field, as well as any particular proposals which may be made under sub-paragraph (2) of paragraph 13 hereof.

8. The Government of Japan will endeavor to space exports as evenly as practicable on a quarterly basis, taking seasonal factors into account.

9. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Arrangement including differences in points of procedure or operation.

10. (1) For the purposes of this Arrangement, the word "textiles" means tops, yarns, piece-goods, made-up articles, garments and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of those fibers in
combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product.

(2) In the implementation of this Arrangement, the system of textile categories and the rates of conversion are set forth in the U.S. Correlation of January 1979 and any subsequent technical modifications thereof. The assignments of products to categories listed in the Correlation will be determined in accordance with the United States Customs classification and definitions, subject to further clarification where necessary.

(3) Any question arising out of the implementation of the provisions of this paragraph 10 will be subject to consultations between the two Governments which will be promptly held with a view to finding a mutually satisfactory solution. These consultations will take into account the marketing of the textiles in question in the United States of America.

(4) The representatives of the two Governments will meet as necessary to discuss the application of the above definitions for cotton, wool and man-made fiber textiles to certain articles which the Government of Japan considers to be products of industries other than the textile and apparel industries, and not to be textile or apparel products.

(5) The contents of the letters exchanged between the two Governments on September 27, 1974 concerning the so-called "Japan Items" will be respected by the two Governments.
11. Matters concerning trade in cotton, wool and man-made fiber textiles between Japan and the United States of America which are not governed by this Arrangement will be governed by the provisions of the Arrangement Regarding International Trade in Textiles. The Government of the United States of America agrees that, insofar as the exports from Japan of the products governed by this Arrangement are conducted within the framework thereof, the Government of the United States of America will not invoke the provisions of Article 3 of the Arrangement Regarding International Trade in Textiles with respect to such products.

12. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time on problems which have been the subject of consultations under this Arrangement, either Government may, after notification to the other Government, refer such problems to the Textiles Surveillance Body in accordance with the provisions of Article 11 of the Arrangement Regarding International Trade in Textiles.

13. (1) Either Government may, on or before the thirty-first day of October in any year, give to the other Government, through diplomatic channels, written notice of termination and, in such event, this Arrangement will cease to be effective at the end of the year in which the notice of termination is given.

(2) Each Government may at any time propose modifications of this Arrangement. The other Government will give sympathetic consideration to such proposal.
UNITED STATES NOTE

August 17, 1979

His Excellency
Fumihiko Togo
Ambassador of Japan

Excellency:

I have the honor to acknowledge receipt of Your Excellency's Note of today's date enclosing the Arrangement attached thereto concerning trade in cotton, wool and man-made fiber textiles between Japan and the United States of America which reads as follows:


Pursuant to the provisions of Article 4 of the Arrangement Regarding International Trade in Textiles, permitting bilateral agreements consistent with the basic objectives and principles thereof "on mutually acceptable terms in order, on the one hand, to eliminate real risks of market disruption in importing countries and disruption to the textile trade of exporting countries, and on the other hand,"
to ensure the expansion and orderly development of trade in textiles...", the following provisions will be applied by the two Governments.

1. The provisions of this Arrangement will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

2. The two Governments recognize that their rights and obligations under the General Agreement on Tariffs and Trade are not affected by this Arrangement.

3. For the period beginning January 1, 1979 and extending through December 31, 1981, existing cotton categories 300 through 369, existing wool categories 400 through 669, and existing man-made fiber categories 603 through 669, as specified in the U.S. Correlation of January 1979 (Textile and Apparel Categories with Tariff Schedules of the United States Annotated) and any subsequent technical modifications thereof, will not be subject to numerical limits other than those arising under the provisions of paragraph 4 hereof.

4. (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 3 hereof are increasing so as to cause a real risk of market disruption in the United States of America, the Government of the United States of America may request consultations with the Government of Japan regarding the category or categories affected.
(2) When the Government of the United States of America requests such consultations, the Government of Japan will 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 will 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 will limit the exports of such category or categories, for the twelve-month period ending December 31 of the year in which the request for such consultations is made, at levels in no case lower than 120 percent for cotton and man-made fiber categories or 106 percent for wool categories of the greater of:

(i) the levels of imports into the United States of America from Japan of such category or categories during the first twelve months of the fourteen months preceding the month in which the request for such consultations is made, or

(ii) the levels of the average annual imports into the United States of America in such category or categories from Japan during the first four
calendar years of the five calendar years preceding the year in which the request for such consultations is made.

(4) If, in requesting the consultations referred to in subparagraph (1) above, the Government of the United States of America considers that unusual and exceptional market conditions exist in the United States of America where imports in the category or categories in question will cause serious disruption, the Government of Japan will, notwithstanding the provisions of sub-paragraph (3) above, limit the exports of the category or categories in question by applying the provisions of sub-paragraph (3)(i) above.

(5) Consultations under the provisions of this paragraph 4 will not be requested for any category when imports from Japan in such category are at annual levels not more than 1,600,000 square yards equivalent for each man-made fiber or cotton category other than apparel, 700,000 square yards equivalent for each man-made fiber or cotton apparel category, and 100,000 square yards equivalent for each wool category.

(6) 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 those contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles, as well as available relevant data on imports from third countries.
(7) The provisions of paragraph 4 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.

(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 interfiber flexibility accorded to the similar category or categories in question under the arrangement effected by the Exchange of Notes of September 27, 1974 between the two Governments, 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 cooperation and in a manner consistent with the objectives of the Arrangement Regarding International Trade in Textiles.

5. If the Government of Japan considers that as a result of the application of this Arrangement, Japan is, or is threatened to be, placed in an inequitable position vis-a-vis a third country whose exports to the United States
of America of cotton, wool, and man-made fiber textiles are subject to restraint, or that Japan is, or is threatened to be, put in a substantially disadvantaged position compared with any other exporting country because of such factors as a remarkable increase of exports by such country to the United States of America, the Government of Japan may request consultations with the Government of the United States of America. Such consultations will be held and concluded promptly with a view to taking appropriate remedial action such as a reasonable modification of this Arrangement. The Government of the United States of America will take such appropriate remedial measures as may be deemed satisfactory by the two Governments in the consultations.

6. During the period referred to in paragraph 3 hereof, the two Governments will exchange current data monthly on exports and imports between Japan and the United States of America of the textiles covered by this Arrangement as rapidly as possible.

7. The representatives of the two Governments will meet at the request of either Government and at least once a year for a general overall review of this Arrangement and its implementation. Such review will include consideration of changing conditions in the industries, markets and trade of the two countries in the textile field, as well as any particular proposals which may be made under sub-paragraph (2) of paragraph 13 hereof.
8. The Government of Japan will endeavor to space exports as evenly as practicable on a quarterly basis, taking seasonal factors into account.

9. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Arrangement including differences in points of procedure or operation.

10. (1) For the purposes of this Arrangement, the word "textiles" means toys, yarns, piece-goods, made-up articles, garments and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product.

(2) In the implementation of this Arrangement, the system of textile categories and the rates of conversion are set forth in the U.S. Correlation of January 1979 and any subsequent technical modifications thereof. The assignments of products to categories listed in the Correlation will be determined in accordance with the United States Customs classification and definitions, subject to further clarification where necessary.

(3) Any question arising out of the implementation of the provisions of this paragraph 10 will be subject to consultations between the two Governments which will be
promptly held with a view to finding a mutually satisfactory solution. These consultations will take into account the marketing of the textiles in question in the United States of America.

(4) The representatives of the two Governments will meet as necessary to discuss the application of the above definitions for cotton, wool and man-made fiber textiles to certain articles which the Government of Japan considers to be products of industries other than the textile and apparel industries, and not to be textile or apparel products.

(5) The contents of the letters exchanged between the two Governments on September 27, 1974 concerning the so-called "Japan Items" will be respected by the two Governments.

11. Matters concerning trade in cotton, wool and man-made fiber textiles between Japan and the United States of America which are not governed by this Arrangement will be governed by the provisions of the Arrangement Regarding International Trade in Textiles. The Government of the United States of America agrees that, insofar as the exports from Japan of the products governed by this Arrangement are conducted within the framework thereof, the Government of the United States of America will not invoke the provisions of Article 3 of the Arrangement Regarding International Trade in Textiles with respect to such products.

12. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time on problems which have been the subject of consultations
under this Arrangement, either Government may, after notification to the other Government, refer such problems to the Textiles Surveillance Body in accordance with the provisions of Article 11 of the Arrangement Regarding International Trade in Textiles.

13. (1) Either Government may, on or before the thirty-first day of October in any year, give to the other Government, through diplomatic channels, written notice of termination and, in such event, this Arrangement will cease to be effective at the end of the year in which the notice of termination is given.

(2) Each Government may at any time propose modifications of this Arrangement. The other Government will give sympathetic consideration to such proposal.

I have further the honor to confirm the foregoing Arrangement on behalf of the Government of the United States of America.

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

For the Secretary of State:

/S/ Ernest Johnston