

GENERAL AGREEMENT  
ON TARIFFS AND  
TRADE

ACCORD GENERAL SUR  
LES TARIFS DOUANIERS  
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/512

29 February 1980

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Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Transmission by the United States of  
a bilateral agreement with Macao

Note by the Chairman

Attached is a copy of a letter received from the United States Mission transmitting the text of a new bilateral agreement<sup>1</sup> negotiated under Article 4 between the United States and Macao.

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<sup>1</sup>For previous agreement and amendments see COM.TEX/SB/92, 297, 415, 463 and 527.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4:4

Communication par les Etats-Unis d'un accord  
bilatéral avec Macao

Note du Président

On trouvera ci-joint copie d'une lettre par laquelle la Mission des Etats-Unis communique à l'OST le texte d'un nouvel accord bilatéral<sup>1</sup>, négocié au titre de l'article 4 entre les Etats-Unis et Macao.

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<sup>1</sup>Pour l'accord précédent et les modifications qui lui ont été apportées, voir les documents COM.TEX/SB/92, 297, 415, 463 et 527.

TS/140-4



303

UNITED STATES TRADE REPRESENTATIVE  
GENEVA, SWITZERLAND

ANSWERED	DOC. ISSUED	FOLIO
	TEX/SB/92	
FEB 22 FEB 1980		
For:	Action	Comment: Inf.
TRADE POLICY DT:		
Gen. Div.		
Agri. Div.		
Special Proj.		
TRADE DEVELOP. DT.:		X
Sp. Asst. Tr. Negs		
20. DIV. 1980		
Intel. Div.		
CHAIR, TSS	X	
OFFICE OF D-G:		X
Consultant (ADG)		
Conf. Div.		
Ext. Affairs		
Ext. Affairs		
Info/Lib. Serv.		
Training Prog.		

February 20, 1980

The Honorable Paul Wurth  
Ambassador  
Chairman, Textiles Surveillance Body  
G.A.T.T.  
154, rue de Lausanne  
CH-1202 Geneva

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 the conclusion of a new cotton, wool and man-made fiber textile agreement between the Government of the United States of America and the Government of Macau. The previous bilateral agreement and amendments have been notified and circulated as COM.TEX/SB/92, 297, 415, 463 and 527.

In negotiating this new agreement, cognizance was taken of the continuing need to deal with market disruption and the real risk thereof in the U.S.A., while at the same time ensuring orderly trade in textiles between the two countries. Provisions of the new agreement are, pursuant to Article 4.3, more liberal in overall terms than measures provided for in Article 3 of the Arrangement.

The term of the new agreement will be the four-year period from January 1, 1980 through December 31, 1983.

The new agreement is similar in structure to its predecessor as amended and extended, having an overall aggregate limit, two group limits, and 13 specific

limits (comprising 22 categories). Both designated and minimum consultations levels are also provided for.

Base levels for the aggregate and Group I (cotton and man-made fiber textiles and apparel) have been increased by 6.3 percent and 6.7 percent, respectively, over levels for the last year of the previous agreement; the level for Group II (wool, textiles and apparel) has been increased by 1 percent. <sup>1/</sup> Base levels for the cotton and man-made fiber categories having specific limits have all been increased by at least 6.25 percent, with four having been increased by more than that amount. The one wool category having a specific limit has been increased by 1 percent. <sup>1/</sup> A chart showing base levels for the first year of the new agreement with percentage increases by category is attached.

Growth of 6.25 percent has been provided all cotton and man-made fiber categories; growth of 1 percent <sup>1/</sup> has been accorded the one wool category.

Swing of 7 percent is provided for all categories in Group I; 5 percent <sup>1/</sup> is provided for categories in Group II. In addition swing of 7 percent is provided into Group I and swing of 3 percent <sup>1/</sup> is provided into Group II.

Carryover and carry forward are provided at 11 percent, with carry forward available up to 6 percent.

Sincerely,



Robert E. Shepherd  
Minister-Counselor

Enclosure: as stated

<sup>1/</sup> Lower growth and swing rates reflect the continuing chronic state of disruption in the U.S. wool textiles and apparel market.

	<u>1979 Level</u>	<u>1980 Level</u>	<u>Percentage Level</u>
<u>Aggregate</u>	40,539,454	43,100,000	6.31
<u>Group I</u>	38,876,080	41,600,000	6.7
<u>Categories</u>			
333/4/5	77,616 (86,724)*	87,467	12.6
338	103,299	114,755	11.1
339	459,533	488,254	
340	101,958	110,000	7.9
341	62,069	70,948	14.3
347/8	244,807	262,000	7.2
633/4/5	172,666	183,458	6.25
638/9	11,091,040	11,784,230	6.25
640	37,500	39,844	6.25
641	62,500	65,948	6.25
645/6	93,381	92,217	6.25
647/8	188,378	200,152	6.25
<u>Group II</u>	1,486,127	1,500,988	1.0
<u>Category</u>			
445/6	67,242	67,914	1.0

UNITED STATES AND MACAU  
SIGN TEXTILE AGREEMENT

The United States and Macau exchanged notes on November 29, 1979 and December 18, 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:

UNITED STATES NOTE

November 29, 1979

Dr. Jose Luis de Chagas  
Henriques de Jesus  
Secretario - Adjunto para Coordenacao  
Economica  
Economic Department  
Macau Government  
Macau

Dear Dr. Jesus:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done at Geneva on December 20, 1973, and extended by protocol opened for signature at Geneva on December 15, 1977.

I have also the honor to refer to discussions between representatives of the Government of Macau and the Government of the United States of America in Washington October 16 and October 17, 1979, concerning exports to the United States of America of cotton, wool and man-made fiber textiles and textile products from Macau. As a result of these discussions, and in conformity with Article 4 of the Arrangement, I have the honor to propose, on behalf of the Government of the United States of America, the following Agreement relating to trade in cotton, wool and man-made fiber textiles and textile products between the United States of America and Macau:

1. The term of this Agreement will be the four year period from January 1, 1980 through December 31, 1983. Each "Agreement Year" shall be a calendar year, with the first Agreement Year commencing on January 1, 1980 and ending on December 31, 1980.

2. Textiles and textile products covered by this Agreement shall be classified in two groups, as follows:

- I                      Yarns, fabrics, apparel, made-up goods and miscellaneous textile products of cotton and man-made fibers. (Categories 300-320, 330-359, 360-369, 600-627, 630-659, 665-669).
- II                     Wool textiles and textile products. (Categories 400-469).

The determination of whether a textile or textile product is of cotton, wool, or man-made fiber shall be made in accordance with the terms of paragraph 9. The Categories referred to in the above definitions of groups are those summarized in Annex A.

3. (a) The system of Categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing this Agreement except as set out in subparagraph 3 (b).

(b) For purposes of this Agreement, and in recognition of the patterns of trade of Macau with the United States of America, the groups of Categories below are merged and treated as single Categories and Subcategory as indicated, with Specific Limits for Categories and a Sublimit for the Subcategory as set out in Annex B.

<u>Categories Merged</u>	<u>Designation in Agreement</u>	<u>Subcategory</u>
333,334,335	333/334/335	333/335
347,348	347/348	None
445,446	445/446	None
633,634,635	633/634/635	None
638,639	638/639	None
645,646	645/646	None
647,648	647/648	None

For purposes of computing charges to Aggregate, Group and Specific Limits and the Sublimit for the Categories and the Subcategory cited above, rates of conversion for individual Categories set out in Annex A shall be applied.

4. Commencing with the first Agreement Year, and during the subsequent term of this Agreement, the Government of Macau shall limit annual exports from Macau to the United States of America of cotton, wool, and man-made fiber textiles and textile products to the Aggregate, Group and Specific Limits and Sublimit set out in Annex B, as such Limits may be adjusted in accordance with paragraphs 6, 7, and 8. The limits set out in Annex B do not include any adjustments permitted under paragraphs 6, 7, or 8.

5. (a) Categories not subject to Specific Limits are subject to Consultation Levels and to the Aggregate and applicable Group Limits. Except as specified in Annex C, Consultation Levels for each Agreement Year for Categories not subject to a Specific Limit shall be 1,000,000 square yards, equivalent for non-apparel categories 300-320, 360-369, 600-627, 665-669; 700,000 square yards equivalent for categories 330-359, 630-659; and 100,000 square yards equivalent for Categories in Group II.

(b) In the event the Government of Macau wishes to permit exports to the United States in any category in excess of the applicable consultation level during any agreement year, the Government of Macau shall request consultations with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations. Until agreement on a different level of exports is reached, the Government of Macau shall limit exports to the United States in the category in question to the applicable Consultation Level.



6. During any Agreement Year, and within the Aggregate Limit for such Agreement Year, the Group Limits set out in Annex B applicable to such Agreement Year may be exceeded by not more than 7 percent in the case of Group I and by not more than 3 percent in the case of Group II. Adjustments made pursuant to this paragraph are in addition to those pursuant to paragraph 8.

7. During any Agreement Year, and within the Aggregate and applicable Group Limits for such Agreement Year, as they may be adjusted pursuant to paragraphs 6 and 8, any Specific Limit or Sublimit set out in Annex B may be exceeded by not more than:

7 percent if included in Group I, and  
5 percent if included in Group II.

8. (a) In any Agreement Year, in addition to any adjustment pursuant to paragraphs 6 and 7, exports may exceed by a maximum of 11 percent the Aggregate Limit and any Group or Specific Limit or Sublimit by allocating to such Limit for that Agreement Year an unused portion of the corresponding Limit for the previous Agreement Year ("Carryover") or a portion of the corresponding Limit for the succeeding Agreement Year ("Carry Forward") subject to the following conditions:

(i) Carryover may be utilized as available up to 11 percent of the receiving Agreement Year's applicable Limits;

(ii) The combination of Carryover and Carry Forward shall not exceed 11 percent of the receiving Agreement Year's applicable Limit in any Agreement Year;

(iii) Carry Forward may be utilized up to 6 percent of the receiving Agreement Year's applicable Limit and shall be charged against the immediately following Agreement Year's corresponding Limits;

(iv) Carryover of Shortfall (as defined in Sub-paragraph 8 (b)) shall not be applied to any Specific Limits until the Government of Macau and the United States of America have agreed upon the amounts involved.



(b) For purposes of this Agreement, a Shortfall occurs when exports of textiles or textile products of Macau to the United States of America during any Agreement Year are below the Aggregate Limit and any applicable Group Limit, Specific Limit or Sublimit. In the Agreement Year following the Shortfall, such exports from Macau to the United States of America may be permitted to exceed the Aggregate, Group, and Specific Limits and Sublimit, subject to conditions of Subparagraph 8 (a), by Carryover of Shortfalls in the following manner:

(i) The Carryover shall not exceed the amount of Shortfall in either the Aggregate Limit or any applicable Group or Specific Limit or Sublimit;

(ii) In the case of Shortfall in a Category or Subcategory subject to a Specific Limit or Sublimit, the Shortfall shall be used in the Category or Subcategory in which the Shortfall occurred; and

(iii) In the case of Shortfalls not attributable to Categories subject to Specific Limits, or the Sublimit the Carryover shall be used in the same Group in which the Shortfall occurred.

(c) The Limits referred to in Subparagraphs 8 (a) and (b) are without any adjustment under this paragraph or paragraphs 6 or 7.

(d) The total adjustment under this paragraph shall be in addition to adjustments to the Limits permitted by paragraphs 6 and 7.

9. (a) Tops, yarns, piece goods, made-up articles, garments and other textile manufactured products, all being products which derive their chief characteristics from their textile components, of cotton, wool, or man-made fibers, or blends thereof, in which any or all of those fibers 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, are subject to this Agreement.

(b) For the purposes of this Agreement, textile products shall be classified as cotton, wool, or man-made fiber textiles if wholly or in chief value of any of these fibers. Any products covered by Subparagraph 9 (a) but not in chief value of cotton, wool or man-made fiber shall be classified as:

(i) Cotton textiles if containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the wool and/or the man-made fiber component;

(ii) Wool textiles if not cotton, and wool equals or exceeds 17 percent by weight of all component fibers; and

(iii) Man-made fiber textiles if neither of the foregoing applies.

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

11. (a) The Government of the United States of America shall promptly supply the Government of Macau with data on monthly imports of cotton, man-made fiber and wool textiles and textile products into the United States of America from Macau.

(b) The Government of Macau shall promptly supply the Government of the United States of America with data on monthly exports of cotton, man-made fiber and wool textiles and textile products from Macau to the United States of America.

(c) Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement requested by the other Government.

12. The Government of Macau shall use its best efforts to space exports from Macau to the United States of America within each Category or Subcategory evenly throughout each agreement year, taking into consideration normal seasonal factors. Exports from Macau in excess of agreed levels, if allowed entry into the United States will be charged to the applicable levels for the Agreement Year following the year of export.

13. If the Government of Macau considers that, as a result of limitations specified in this Agreement it is being placed in an inequitable position in relation to a third country, the Government of Macau may request consultations with the Government of the United States of America with a view of taking appropriate remedial action such as reasonable modification of this Agreement.

14. For the duration of this Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the export of cotton, wool and man-made fiber textiles and textile products from Macau to the United States. Each Government reserves its rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

15. The Government of Macau shall administer its export control system under this Agreement. The Government of the United States of America may assist the Government of Macau in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.

16. The visa system established by letters dated June 23 and July 5, 1973 between the Government of the United States of America and the Government of Macau will remain in force subject to paragraph 10.

17. The Government of the United States of America and the Government of Macau agree to consult upon the request of either Government, on any question arising in the implementation of this Agreement.

18. The Government of the United States of America and the Government of Macau may at any time propose revisions in the terms of this Agreement. Each Government agrees to consult promptly with the other Government about such proposals with a view to making revisions to this Agreement, or to taking other such appropriate action as may be mutually agreed upon.

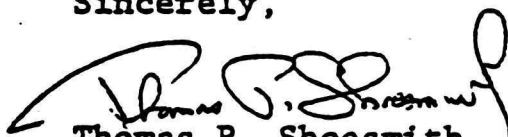
19. Either Government may terminate this Agreement effective at the end of an Agreement Year, by written notice to the other Government, to be given at least 90 days prior to the end of such Agreement Year.

If the foregoing conforms with the understanding of the Government of Macau this note and your note of confirmation on behalf of the Government of Macau shall constitute an Agreement between our two Governments.

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

For the Secretary of State:

Sincerely,



Thomas P. Shoesmith  
Consul General

ANNEX A

Category	Description	Conversion Factor	Unit of Measure
<u>YARN</u>			
--Cotton			
300	Carded	4.6	Lb.
301	Combed	4.6	Lb.
--Wool			
400	Tops and Yarn	2.0	Lb.
--Man-Made Fiber			
600	Textured	3.5	Lb.
601	Cont. cellulosic	5.2	Lb.
602	Cont. noncellulosic	11.6	Lb.
603	Spun cellulosic	3.4	Lb.
604	Spun noncellulosic	4.1	Lb.
605	Other yarns	3.5	Lb.
<u>FABRIC</u>			
--Cotton			
310	Ginghams	1.0	SYD
311	Velveteens	1.0	SYD
312	Corduroy	1.0	SYD
313	Sheeting	1.0	SYD
314	Broadcloth	1.0	SYD
315	Printcloths	1.0	SYD
316	Shirtings	1.0	SYD
317	Twills and Sateens	1.0	SYD
318	Yarn-dyed	1.0	SYD
319	Duck	1.0	SYD

320	Other fabrics, n.k.	1.0	SYD
--Wool			
410	Woolen and worsted	1.0	SYD
411	Tapestries and upholstery	1.0	SYD
425	Knit	2.0	Lb.
429	Other Fabrics	1.0	SYD
--Man-Made fiber			
610	Cont. cellulosic, n.k.	1.0	SYD
611	Spun cellulosic, n.k.	1.0	SYD
612	Cont. noncellulosic, n.k.	1.0	SYD
613	Spun Noncellulosic, n.k.	1.0	SYD
614	Other fabrics, n.k.	1.0	SYD
625	Knit	7.8	Lb.
626	Pile and tufted	1.0	SYD
627	Specialty	7.8	Lb.

APPAREL

--Cotton

330	Handkerchiefs	1.7	Dz.
331	Gloves	3.5	DPR
332	Hosiery	4.6	DPR
333	Suit-type coats, M and B	36.2	Dz.
334	Other coats, M and B	41.3	Dz.
335	Coats, W, G and I	41.3	Dz.
336	Dresses (incl. uniforms)	45.3	Dz.
337	Playsuits, sunsuits, washsuits, creepers	25.0	Dz.

338	Knit shirts, (inc. T-shirts, other and sweatshirts) M and B	7.2	Dz.
339	Knit shirts and blouses (incl. T-Shirts, other and sweatshirts) W, G and I	7.2	Dz.
340	Shirts, n.k.	24.0	Dz.
341	Blouses, n.k.	14.5	Dz.
342	Skirts	17.8	Dz.
345	Sweaters	36.8	Dz.
347	Trousers, slacks, and shorts (outer) M and B	17.8	Dz.
348	Trousers, slacks and shorts (outer) W, G and I	17.8	Dz.
349	Brassieres, etc.	4.8	Dz.
350	Dressing gowns, incl. bathrobes, and beach robes, lounging gowns, house coats, and dusters	51.0	Dz.
351	Pajamas and other nightwear	52.0	Dz.
352	Underwear (incl. union suits)	11.0	Dz.
359	Other apparel	4.6	Lbs.
--Wool			
431	Gloves	2.1	DPR
432	Hosiery	2.8	DPR
433	Suit-type coats, M and B	36.0	Dz.
434	Other coats, M and B	54.0	Dz.
435	Coats, W, G and I	54.0	Dz.

436	Dresses	49.2	Dz.
438	Knit shirts and blouses, n.k.	15.0	Dz.
440	Shirts and blouses, n.k.	24.0	Dz.
442	Skirts	18.0	Dz.
443	Suits, M and B	54.0	Dz.
444	Suits, W, G and I	54.0	Dz.
445	Sweaters, M and B	14.88	Dz.
446	Sweaters, W, G and I	14.88	Dz.
447	Trousers, slacks and shorts (outer) M and B	18.0	Dz.
448	Trousers, slacks and shorts (outer) W, G and I	18.0	Dz.
459	Other wool apparel	2.0	Lb.

--Man-made fiber

630	Handkerchiefs	1.7	Dz.
631	Gloves	3.5	DPR
632	Hosiery	4.6	DPR
633	Suit-type coats, M and B	36.2	Dz.
634	Other coats, M and B	41.3	Dz.
635	Coats, W, G and I	41.3	Dz.
636	Dresses	45.3	Dz.
637	Playsuits, sunsuits, washsuits, etc.	21.3	Dz.
638	Knit shirts, (incl. T-shirts), M and B	18.0	Dz.
639	Knit shirts and blouses (incl. T-Shirts), W, G and I	15.0	Dz.



640	Shirts, n.k.	24.0	Dz.
641	Blouses, n.k.	14.5	Dz.
642	Skirts	17.3	Dz.
643	Suits, M and B	54.0	Dz.
644	Suits, W, G and I	54.0	Dz.
645	Sweaters, M and B	36.8	Dz.
646	Sweaters, W, G and I	36.8	Dz.
647	Trousers, slacks, and shorts (outer), M and B	17.8	Dz.
648	Trousers, slacks and shorts (outer), W, G and I	17.8	Dz.
649	Brassieres, Etc.	4.8	Dz.
650	Dressing gowns, incl. bath and beach robes	51.0	Dz.
651	Pajamas and other nightwear	52.0	Dz.
652	Underwear	16.0	Dz.
659	Other apparel	7.8	Lb.

MADE-UPS AND MISC.

--Cotton

360	Pillowcases	13.2	Dz.
361	Sheets	74.4	Dz.
362	Bedspreads and quilts	82.8	Dz.
363	Terry and other pile towels	6.0	Dz.
369	Other Cotton manufactures	4.6	Lb.

--Wool

464	Blankets and auto robes	1.3	Lb.
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465	Floor covering	0.1	SFT
469	Other wool manufactures	2.0	Lb.

--Man-made fiber

665	Floor coverings	0.1	SFT
666	Other furnishings	7.8	Lb.
669	Other man-made manufactures	7.8	Lb.

**ANNEX B**  
**AGGREGATE, GROUP, SPECIFIC LIMITS AND SUB-LIMITS**

<u>Category</u>	<u>Description</u>	<u>Units</u>	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>
<u>Aggregate</u>		SYE	43,100,000	45,793,750	48,655,859	51,696,850
<u>Group I</u> -	Cotton & Man-made fiber	SYE	41,600,000	44,200,000	46,962,500	49,897,656
333/4/5	Coats	Doz.	87,467	92,934	98,742	104,913
(333/335)			(45,000)	(47,813)	(50,801)	(53,976)
338	Knit shirts	Doz.	114,755	121,927	129,548	137,644
339	Knit shirts and blouses	Doz.	488,254	518,770	551,193	585,643
340	Woven shirts	Doz.	110,000	116,875	124,180	131,941
341	Woven blouses	Doz.	70,948	75,382	80,094	85,099
347/8	Trousers	Doz.	262,000	278,375	295,773	314,259
633/4/5	Coats	Doz.	183,458	194,924	207,107	220,051
638/9	Knit shirts and blouses	SYE	11,784,230	12,520,744	13,303,291	14,134,747
640	Woven shirts	Doz.	39,844	42,334	44,980	47,791
641	Woven blouses	Doz.	65,948	70,070	74,449	79,102
645/6	Sweaters	Doz.	99,217	105,418	112,007	119,007
647/8	Trousers	Doz.	200,152	212,662	225,953	240,075
<u>Group II</u> -	Wool	SYE	1,500,988	1,515,998	1,531,158	1,546,469
445/6	Sweaters	Doz.	67,914	68,593	69,279	69,972

ANNEX C

Designated Consultation Levels

<u>Category</u>	<u>Description</u>	<u>Units</u>	<u>Level</u>
652	Underwear	Doz.	149,583
659	Other apparel	Lbs.	203,724

MACAU NOTE

December 18, 1979

Mr. Thomas P. Shoesmith  
Consul General  
Consulate General of the  
United States of America  
HONG KONG

I have the honour to refer to your letter of November 23, 1979, regarding to discussions between representatives of the Government of Macau and the Government of the United States of America, held in Washington on October 16 and 17, 1979, concerning exports to the United States of America of Cotton, wool and man-made fiber textiles and textiles products from Macau.

This letter will constitute as a note of confirmation on behalf of Macau and with your note shall constitute an Agreement between our two Governments.

Accept, Sir, the renewal of my highest consideration.

Macau, 18 december of 1979.

O GOVERNADOR,



Nuno Viriato Tavares de Melo Egidio  
General