

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/888\*  
29 September 1983

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Textiles Surveillance Body

## ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

Agreement between the United States and  
the People's Republic of China

Note by the Chairman

Attached is a notification received from the United States concerning a new bilateral agreement concluded with the People's Republic of China. The agreement is valid for the period 1 January 1983 to 31 December 1987.<sup>1</sup>

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<sup>1</sup> The previous bilateral agreement between the United States and China, and an amendment thereto, are contained in COM.TEX/SB/634 and 760. Measures taken by the United States in January 1983 to restrain imports of items from China are contained in COM.TEX/SB/850.

\* English only/Anglais seulement

TS/140-2



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UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX  
1202 GENEVA, SWITZERLAND  
Telephone: 32 09 70

September 20, 1983

The Honorable  
Ambassador Marcelo Raffaelli  
Chairman, Textiles Surveillance Body  
GATT  
154, rue de Lausanne  
CH-1211 Geneva 21

Dear Mr. Chairman:

Pursuant to the provisions of Article 7 and 8 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform the Textiles Surveillance Body of a new five-year (1/1/83-12/31/87) cotton, wool and man-made fiber textile agreement between the Government of the United States of America and the Government of the People's Republic of China.

Attached hereto are copies of the notes giving effect to this agreement.

Sincerely,

*Robert E. Shepherd*

Robert E. Shepherd  
Minister-Counselor

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For	Action	Comment	Int.
OPER. DEPT. A.			
Non-Tar. M. Div.			
Development Div.			
Tech. Coop. Div.			
Inter-Agency Aff.			
Spec. Proj. Div.			
OPER DEPT. B.			
Econ. R / Anal. Unit			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
DEPT. CULT. AFF. / R&B			
Adm. / Fin. Div.			
Trans./Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

ANSWERED	DOC. ISSUED	FILED
SEP 25 1983		
For	Action	Comment
Cabinet of DG		
Ext. Rel. Info. Div.		
OFFICE LEGAL AFF.		
Sec. / Council Aff. Div.		
CHAIRMAN TSB	X	

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EMBASSY OF THE  
UNITED STATES OF AMERICA

People's Republic of China)  
Municipality of Beijing )  
Embassy of the United ) SS.  
States of America )

I, Gene B. Marshall, Consul General of the United States of America at Beijing, People's Republic of China, duly commissioned and qualified, do hereby certify that the annexed copy of the Agreement Relating to Trade in Cotton, Wool, and Man-Made Fiber Textiles and Textile Products Between the United States of America and the People's Republic of China is a true and faithful copy of the original document this day exhibited to me, the same having been carefully examined by me and compared with the said original and found to agree therewith word for word and figure for figure.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the American Embassy at Beijing, People's Republic of China, this Twenty-second day of August, 1983.

*Gene B. Marshall*

Consul General of the  
United States of America



EMBASSY OF THE  
UNITED STATES OF AMERICA  
Beijing, PRC

August 19, 1983

Sir:

I have the honor to refer to discussions between the representatives of the Government of the United States of America and the Government of the People's Republic of China held in Beijing, Washington D.C. and Geneva, concerning exports to the United States of America of cotton, wool, and man-made fiber textiles and textile products manufactured in the People's Republic of China. As a result of these discussions, I have the honor to propose on behalf of the Government of the United States of America the following Agreement between the Government of the United States of America and the Government of the People's Republic of China relating to such trade in textiles and textile products (hereinafter referred to as "the Agreement").

1. The two Governments reaffirm their commitments under the Agreement on Trade Relations between the United States and the People's Republic of China as the basis of their trade and economic relations.

2. The term of this Agreement shall be the five-year period from January 1, 1983 through December 31, 1987. Each "Agreement Year" shall be a calendar year.

3. (a) The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing the Agreement.

(b) For purposes of this Agreement, and in recognition of the patterns of trade of the People's Republic of China with the United States of America, the categories below are merged and treated as a single category, as indicated, with limits as set out in Annex B.

<u>Categories Merged</u>	<u>Designation in Agreement</u>
347 and 348	347/348
445 and 446	445/446
645 and 646	645/646

(c) For purposes of computing charges to Specific Limits for the categories cited above, rates of conversion for individual categories set out in Annex A shall be applied.

Mr. Zheng Tuobin  
Vice Minister  
Ministry of Foreign Economic Relations and Trade  
Beijing

4. Commencing with the first Agreement Year, and during the subsequent years of this Agreement, the Government of the People's Republic of China shall limit annual exports from the People's Republic of China to the United States of America of cotton, wool, and man-made fiber textiles and textile products to the Specific Limits set out in Annex B, as such limits may be adjusted in accordance with paragraphs 5 & 7. The limits in Annex B include annual growth. Subject to paragraph 6 exports shall be charged to limits for the year in which exported. The limits set out in Annex B do not include any of the adjustments permitted under paragraphs 5 & 7.

5. (a) Any Specific Limit may be exceeded in any Agreement Year by not more than 5 percent of its square yards equivalent (SYE) total listed in Annex B, provided that the amount of the increase is compensated for by an equivalent SYE decrease in one or more other specific limits for that Agreement Year.

(b) No limit may be decreased pursuant to sub-paragraph 5 (a) to a level which is below the level of exports charged against that category limit for that Agreement Year.

(c) The adjustments provided under this paragraph are not available to or from Category 315.

(d) When informing the United States of adjustments under the provisions of this paragraph, the Government of the People's Republic of China shall indicate the category or categories to be increased and the category or categories to be decreased by commensurate quantities in square yards equivalent.

6. (a) The Government of the People's Republic of China shall use its best efforts to space exports from China to the United States within each category evenly throughout each Agreement Year, taking into consideration normal seasonal factors.

(b) Exports from the People's Republic of China in excess of authorized limits in any Agreement Year or Period may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding Agreement Year. The United States will supply to the People's Republic of China each month a list of charges by category and quantity.

(c) Exports from the People's Republic of China in excess of authorized limits in any Agreement Year or Period will, if allowed entry into the United States during that year or period, be charged to the applicable limit in the succeeding Agreement Year.

(d) Any action taken pursuant to sub-paragraphs 6(b) and 6(c) above will not prejudice the rights of either side regarding consultations.

7. (a) In any Agreement Year, following agreement in consultations, exports may exceed by a maximum of 10 percent of any limit set out in Annex B 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 ("carryforward") subject to the following conditions:

(1) Carryover may be utilized as available up to 10 percent of the receiving Agreement Year's limits provided;

(2) Carryforward may be utilized up to five percent of the receiving Agreement Year's applicable limits and shall be charged against the immediately following Agreement Year's corresponding limits; no carryforward shall be available in the final Agreement Year;

(3) The combination of carryover and carryforward shall not exceed 10 percent of the receiving Agreement Year's applicable limit in any Agreement Year;

(4) Carryover of shortfall (as defined in sub-paragraph 7 (c)) shall not be applied to any limits until the Governments of the United States of America and the People's Republic of China have agreed upon the amounts of shortfall involved.

(b) Notwithstanding the provision in subparagraph 7(a) for agreement to be reached in consultations before the application of carryover and carryforward, the United States of America agrees that carryover and carryforward are available as indicated below:

(1) With respect to Category 363 and Category 631, carryover may be utilized as available up to 3 percent of the receiving Agreement Year's limits provided, however, that no carryover shall be available for application during the first Agreement Year.

(2) With respect to the Categories noted below, carryforward may be utilized up to the percentages indicated of the receiving Agreement Year's applicable limits and shall be charged against the immediately following Agreement Year provided, however, that no carryforward shall be available in the final Agreement Year:

<u>Category</u>	<u>Percent</u>
335	5
345	7
443	7
634	7
635	7
648	7

(c) For purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from China to the United States of America during an Agreement Year are below any specific limit as set out in Annex B, (or, in the case of any limit decreased pursuant to paragraph 5, when such exports are below the limit as so decreased). In the Agreement Year following the shortfall, such exports from China to the United States of America may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 7(a), by carryover of shortfalls in the following manner:

(1) Carryover shall not exceed the amount of shortfall in the applicable limit;

(2) The shortfall shall be used in the category in which the shortfall occurred;

8. (a) In the event that the Government of the United States of America believes that imports from the People's Republic of China classified in any category or categories not covered by Specific Limits are, due to market disruption, threatening to impede the orderly development of trade between the two countries, the Government of the United States may request consultations with the Government of the People's Republic of China with a view to avoiding such market disruption. The Government of the United States shall provide the Government of the People's Republic of China at the time of the request with a detailed factual statement of the reasons and justification for its request for consultations, with current data, which in the view of the Government of the United States of America shows:

- (1) the existence or threat of market disruption, and
- (2) the contribution of exports from the People's Republic of China to that disruption.

(b) The Government of the People's Republic of China agrees to consult with the Government of the United States within 30 days of receipt of a request for consultations. Both sides agree to make every effort to reach agreement on a mutually satisfactory resolution of the issue within 90 days of the receipt of the request, unless this period is extended by mutual agreement.

(c) During the 90 day period, the Government of the People's Republic of China agrees to hold its exports to the United States of America in the category or categories subject to this consultation mechanism to a level no greater than 35 percent of the amount entered in the latest twelve month period for which data are available.

(d) If no mutually satisfactory solution is reached during these consultations, the People's Republic of China will limit its exports in the category or categories under this consultation mechanism for the succeeding twelve months to a level of 15.5 percent for man-made fiber and cotton product categories (and of 6 percent for wool product categories) above the level of imports entered during the first twelve of the most recent fourteen months preceding the date of the request for consultations.

9. The visa system established for exports to the United States of cotton, wool and man-made fiber textiles and textile products from the People's Republic of China effective July 25, 1980 will remain in force subject to paragraph 12. However, shipments valued at U.S. 250 dollars or less need not be accompanied by an export visa.

10. The Government of the United States of America shall promptly supply the Government of the People's Republic of China with monthly data on imports of textiles from China and the Government of the People's Republic of China shall promptly supply the Government of the United States of America with quarterly data on exports of China's textiles to the United States in categories for which levels have been established. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government.

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

(b) For purposes of the Agreement, textiles and textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers.

(c) Any product covered by sub-paragraph 11(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 the man-made fiber components; (II) Wool textiles if not cotton and the wool equals or exceeds 17 percent by weight of all component fibers; (III) Man-made fiber textiles if neither of the foregoing applies.

12. The Government of the United States of America and the Government of the People's Republic of China agree to consult on any question arising in the implementation of the Agreement.



13. 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.

14. If the Government of the People's Republic of China considers that, as a result of a limitation specified in this Agreement, China is being placed in an inequitable position vis-a-vis a third country or party, the Government of the People's Republic of China may request consultations with the Government of the United States with a view to taking appropriate remedial action such as reasonable modification of this Agreement and the Government of the United States of America shall agree to hold such consultations.

15. With respect to the following categories, the overshipments cited will be charged against the specific limit for that category in the agreement year cited:

CATEGORY	CHARGE IN DOZENS	
	1983	1984
345	20,700	31,000
443	70	
635	86,700	
648	172,000	258,000

16. Each Government will take such measures as may be necessary to ensure that the Specific Limits and levels established for any categories under this Agreement are not exceeded. Calculations will be based on the date of export from the People's Republic of China. Neither Government shall act to restrain the trade in textile products covered by the Agreement except in accordance with the terms of the Agreement.

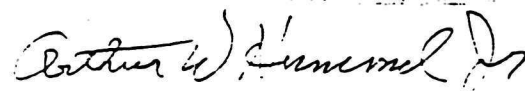
17. The Government of the United States of America and the Government of the People's Republic of China shall cooperate to prevent circumvention of the Agreement.

18. Annual technical consultations shall be held to discuss administrative matters in the implementation of this Agreement including a review of each government's trade statistics for the previous agreement period.

19. Either Government may terminate the Agreement effective at the end of any Agreement Year by written notice to the other Government to be given at least 90 days prior to the end of such Agreement Year. Either Government may at any time propose revisions in the terms of the Agreement.

If the foregoing conforms with the understanding of the Government of the People's Republic of China, this note and your note of confirmation on behalf of the Government of the People's Republic of China shall constitute an Agreement between our two Governments.

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



Ambassador of the United States of America  
to the People's Republic of China



ANNEX A

System of Categories And Rates of Conversion

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure</u>
<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	Woolens 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	Continuous Cellulosic, n.k.	1.0	SYD.
611	Spun cellulosic, n.k.	1.0	SYD.
612	Continuous Non-Cellulosic, n.k.	1.0	SYD.
613	Spun Non-Cellulosic, 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.

M and B = Men's and Boys'

W, G and I = Women's, Girls' and Infants'

n.k. = not knit

ANNEX A

System of Categories And Rates of Conversion

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure</u>
<u>APPAREL</u>			
<u>Cotton</u>			
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 (including Uniforms)	45.3	DZ.
337	Playsuits, Sunsuits, Washsuits, Creepers, Rompers, etc	25.0	DZ.
338	Knit Shirts (including T-shirts, other and Sweatshirts) M and B	7.2	DZ.
339	Knit Shirts and Blouses (including 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	4.8	DZ.
350	Dressing Gowns, including Bath Robes and Beach House Coats and Dusters	51.0	DZ.
351	Nightwear	52.0	DZ.
352	Underwear	11.0	DZ.
353	Down & Feather - Filled Coats, Jackets, Vests M and B	41.3	DZ.
354	Down & Feather - Filled Coats, Jackets, Vests W, G and I	41.3	DZ.
359	Other Apparel	4.6	LBS.
<u>Wool</u>			
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	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	<del>54.0</del> 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.

ANNEX A

System of Categories And Rates of Conversion

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure</u>
<u>Man-made Fiber</u>			
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 (including T-Shirts), M and B	18.0	DZ.
639	Knit Shirts and Blouses (including 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	17.8	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, 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, including Bath and Beach Robes	51.0	DZ.
651	Pajamas and other Nightwear	52.0	DZ.
652	Underwear	16.0	DZ.
653	Down and Feather-filled Coats, Jackets, Vests, M and B	41.3	DZ.
654	Down and Feather-filled Coats, Jackets, Vests, W, G and I	41.3	DZ.
659	Other Apparel	7.8	LB.
<u>MADE-UPS AND MISC.</u>			
<u>Cotton</u>			
360	Pillowcases	1.1	NO.
361	Sheets	6.2	NO.
362	Bedspreads and Quilts	6.9	NO.
363	Terry and Other Pile Towels	0.5	NO.
369	Other Cotton Manufactures	4.6	LB.
<u>Wool</u>			
464	Blankets and Auto Robes	1.3	LB.
465	Floor Coverings	0.1	SFT.
469	Other Wool Manufactures	2.0	LB.
<u>Man-made Fiber</u>			
665	Floor Coverings	0.1	SFT.
666	Other Furnishings	7.8	LB.
669	Other Man-Made Manufactures	7.8	LB.

**ANNEX B  
SPECIFIC LIMITS**

Category	Unit of Measure	1983 First Agreement Year	1984 Second Agreement Year	1985 Third Agreement Year	1986 Fourth Agreement Year	1987 Fifth Agreement Year
314	SYD	15,000,000	15,450,000	15,913,500	16,390,905	16,882,632
315	SYD	118,000,000	138,000,000	157,600,000	165,000,000	171,400,000
331	DPR	3,511,588	3,616,935	3,725,444	3,837,207	3,952,323
333	DZ	52,000	54,600	57,330	60,197	63,206
334	DZ	200,304	208,316	216,649	225,314	234,327
335	DZ	274,275	283,875	293,810	304,094	314,737
337	DZ	829,400	870,870	914,414	960,134	1,008,141
338	DZ	767,970	794,849	822,669	851,462	881,263
PT*	DZ	550,000	569,250	589,174	609,795	631,138
339	DZ	895,565	926,910	959,352	992,929	1,027,681
340	DZ	601,586	619,634	638,223	657,369	677,090
341	DZ	456,760	470,463	484,577	499,114	514,087
342	DZ	155,000	164,300	174,158	184,607	195,684
345	DZ	80,000	83,200	86,528	89,989	93,589

\*only TSUSA Nos. 379.0240, 379.4050

ANNEX B  
SPECIFIC LIMITS

Category	Unit of Measure	1983 First Agreement Year	1984 Second Agreement Year	1985 Third Agreement Year	1986 Fourth Agreement Year	1987 Fifth Agreement Year
347/348	DZ	1,782,477	1,835,951	1,891,030	1,947,761	2,006,194
350	DZ	89,000	93,450	98,123	103,029	108,180
351	DZ	290,000	304,500	319,725	335,711	352,497
363	NOS	18,000,000	18,990,000	20,034,450	21,136,345	22,298,844
443	DZ	9,750	9,848	9,946	10,045	10,146
445/446	DZ	255,025	257,575	260,151	262,753	265,380
447	DZ	69,215	69,907	70,606	71,312	72,025
448	DZ	18,500	18,685	18,871	19,060	19,251
631	DPR	615,000	658,050	704,114	753,401	806,140
634	DZ	379,497	395,436	412,044	429,350	447,383
635	DZ	394,711	411,289	428,563	446,563	465,318
636	DZ	295,000	312,700	331,462	351,350	372,431

ANNEX B  
SPECIFIC LIMITS

Category	Unit of Measure	1983 First Agreement Year	1984 Second Agreement Year	1985 Third Agreement Year	1986 Fourth Agreement Year	1987 Fifth Agreement Year
640	DZ	1,070,000	1,102,100	1,135,163	1,169,218	1,204,294
641	DZ	865,000	899,600	935,584	973,007	1,011,928
645/646	DZ	601,000	619,030	637,601	656,729	676,431
647	DZ	750,955	780,993	812,233	844,722	878,511
648	DZ	966,468	1,005,127	1,045,332	1,087,145	1,130,631