

GENERAL AGREEMENT  
ON TARIFFS AND  
TRADE

ACCORD GENERAL SUR  
LES TARIFS DOUANIERS  
ET LE COMMERCE

CONFIDENTIAL  
TEX.SB/237  
19 August 1977

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Note by the Chairman

The attached note received from the Permanent Mission of Japan concerns certain amendments to the bilateral agreement<sup>1</sup> on trade in textiles between Japan and the United States.

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<sup>1</sup>For details of the agreement see document COM.TEX/SB/47.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL  
DES TEXTILES

Notification conformément à l'article 4:4

Note du Président

La Mission permanente du Japon a fait parvenir au secrétariat la note ci-jointe concernant certaines modifications apportées à l'accord bilatéral<sup>1</sup> sur le commerce des textiles, conclu entre le Japon et les Etats-Unis.

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<sup>1</sup>Pour les détails de l'accord, voir le document COM.TEX/SB/47.

**DÉLÉGATION PERMANENTE DU JAPON**  
**AUPRÈS DES ORGANISATIONS INTERNATIONALES**  
**GENÈVE-SUISSE**

ET/tt/D.176

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 an exchange of Notes between the Governments of Japan and the United States of America, dated February 16, 1977, effecting certain amendments in the existing bilateral multifiber textile agreement between the two governments. The existing bilateral agreement was notified to the TSB and circulated to the Textiles Committee as document COM.TEX/SB/47 of December 18, 1974.

The purpose of the above-mentioned amendment which resulted from the annual review held in 1976 in accordance with Articles 10 and 17 (b) of the bilateral agreement was to liberalize the textile trade in conformity with the provisions of the Arrangement Regarding International Trade in Textiles in view of the changing pattern of trade that is developing between the two countries in textured yarns, cotton, wool and man-made fiber textiles.

A copy of the Note exchanged is attached.

Sincerely yours,

*Masao Sawaki*  
 Masao Sawaki  
 Ambassador  
 Permanent Representative  
 of Japan

Mr. P. Wurth  
 Chairman  
 Textiles Surveillance Body  
 BIT 9-71, Palais des Nations

DOC. ISSUED		FOLIO
TEX/SB/237		
REQ - 3 AUG 1977		
For:	Comment	Inf.
TRADE POLICY		x
Gen. Div.		
Agri. Div.		
Sp. Asst. to Dir.		
Sp. Asst. to Asst. Dir.		
Dev. Div.		
Intel. Div.		
CHAIRMAN	x	
OFFICE OF THE		
Consultant (ADC)		x
Conf. Div.		
Dir. Ext. Relations		

Geneva, 29 July 1977

*Wurth*  
*AW*  
*(P)*

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(Draft)

(Japanese Note)

Sir:

I have 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 regarding 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 effected by the Exchange of Notes of September 27, 1974 (hereinafter referred to as "the Arrangement"), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchange of Notes dated December 19, 1975, concerning cotton and man-made fiber textiles and, in view of the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles and with a view to liberalizing that trade in conformity with the Arrangement Regarding International Trade in Textiles, done in Geneva on December 20, 1973, I have the honor to propose, on behalf of the Government of Japan, the following arrangements:

1. For the period beginning October 1, 1976, and extending through December 31, 1977,

cotton categories 1 through 64, wool categories 101 through 128, 131 and 132 and man-made fiber categories 203 through 243 as specified in Annex B of the Arrangement, shall not be subject to numerical limits other than those which may arise under the provisions of paragraph 2 hereof. Accordingly, the aggregate and group limits as set forth in Annex A (1) of the Arrangement and the specific limits as set forth in Annex A (2) of the Arrangement shall not apply.

2. (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 1 hereof are increasing so as to cause a real risk of market disruption in the United States, 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 shall 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 shall 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 shall limit the exports of such category or categories, for the fifteen-month period ending December 31, 1977, at levels in no case lower than 130 percent for cotton and man-made fiber categories or 109 percent for wool categories of the greater of:

(i) 125 percent of the levels of imports into the United States from Japan of such category or categories during the most recent twelve-month period preceding the month in which the request for consultations was made for which relevant data are available to the two Governments, or

(ii) 125 percent of the levels of the average annual imports into the United States in such category or categories from Japan during the period beginning January 1, 1972, and extending through December 31, 1975.

(4) Consultations under this paragraph 2 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 for each wool category.

(5) 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 that contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles as well as relevant data on imports from third countries. The Government of the United States of America will make similar requests for consultations to the governments of other countries whose exports to the United States of the categories referred to in paragraph 1 hereof are subject to restraints in cases where imports from such countries in the same category are increasing.

(6) This paragraph 2 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.

(7) The two Governments recognize that exports of the categories referred to in paragraph 1 hereof from Japan to the United States are unlikely to contribute to conditions of market disruption in the United States during the period referred to in paragraph 1 hereof. Accordingly, the Government of the United States of America does not presently foresee a situation in which it

would be necessary to request consultations under this paragraph 2.

(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 category or categories in question under terms of the Arrangement 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 and the movement toward liberalization of the Arrangement.

3. Upon request of either Government, the two Governments agree to review the foregoing arrangements prior to December 31, 1977, taking into account the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles, and in line with the Arrangement Regarding International Trade in Textiles.

I have further the honor to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

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



(Draft)

(U.S. Note)

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

"(Japanese Note)"

I have further the honor to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's Note and this Note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

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

(Draft)

(Japanese Note)

Sir:

I have 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 regarding 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 effected by the Exchange of Notes of September 27, 1974 (hereinafter referred to as "the Arrangement"), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchange of Notes dated December 19, 1975 concerning man-made fiber yarn (hereinafter referred to as "the Exchange of Notes"). I have further the honor to propose, on behalf of the Government of Japan, the following arrangements:

1. The two Governments anticipate at this time that the changing competitive position of the Japanese man-made fiber yarn industry referred to in paragraph 4 of the Record of Understanding concerning the Arrangement and the patterns of trade which have developed thereby are likely to continue during the course of the Arrangement.
2. Based on such anticipation, the two Governments agree that category 200 as specified in the Arrangement shall not be subject to the Arrangement and the letters related thereto.

3. Paragraphs 3 and 4 of the Exchange of Notes will apply to exports of category 200 from Japan to the United States as if category 200 were designated in said paragraphs 3 and 4.

I have further the honor to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

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

(Draft)

(U.S. Note)

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"(Japanese Note)"

I have further the honor to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's Note and this Note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

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