

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/294
3 March 1978

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral agreement between the United States and Poland

Note by the Chairman

The attached notification received from the United States mission concerns a new textiles agreement concluded between the United States and Poland. The new agreement succeeds the existing cotton textiles agreement.¹

¹For previous agreement and amendments see COM.TEX/SB/152, 263 and 293.



UNITED STATES MISSION TO INTERNATIONAL ORGANIZATIONS
GENEVA, SWITZERLAND

February 27, 1978

The Honorable
Ambassador Paul Wurth
Chairman, Textiles Surveillance Body
Centre William Rappard
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 TSB of the conclusion of a new three-year bilateral cotton, wool and man-made fiber textiles agreement between the Government of the United States of America and the Government of the Polish People's Republic. The new agreement succeeds the old bilateral cotton textiles agreement, as amended, of November 6, 1975. The old agreement was notified to the TSB and subsequently circulated as COM.TEX/SB/152 of 22 March 1976.

As the new agreement embraces textiles of three fibers and has a structure very different from the old cotton agreement, it is not possible to make valid comparisons between the starting levels of the new agreement and the ending levels of the old agreement. In establishing the first year base levels, the negotiators took into account the applicable restraint levels in the last year of the old cotton textile agreement, the trade performance against those levels, and the current levels and future prospects for trade in wool and man-made fiber textiles.

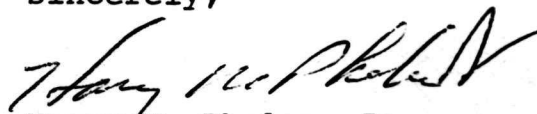
The new agreement, which has a first-year aggregate limit of 44,500,000 syds. equiv., sets up four Groups which have varying levels of growth and swing. Group I includes all cotton wool and man-made fiber textiles other than apparel; Group II includes cotton and man-made fiber apparel other than suits; Group III includes wool apparel other than men's and boys' suits; and, Group IV includes men's and boys' suits of wool and all suits of man-made fiber. Annual growth in the aggregate limit is 6.5%, in Group I 6.5%, in Groups III and IV 1%. Additionally there are specific category limits within each Group; general consultation

levels for categories not given specific limits and, finally, four designated category consultation levels (in excess of general levels). The generally applicable consultation levels are: 1,000,000 syds. equiv. for cotton and man-made fiber non-apparel categories; 700,000 syds. equiv. for cotton and man-made fiber apparel categories; and, 100,000 syds. equiv. for each wool category.

Flexibility in the forms of swing, carry-over and carry-forward are provided. Permissible swing into Group I is 10%; into Group II 7%; and, into Group III 3%. Swing into Group IV may, at Poland's option, be either 5% or, in case it is applied solely to exports of man-made fiber suits, 7%. Swing into cotton and man-made fiber non-apparel categories is 10%; into cotton and man-made fiber apparel categories 7%; and, into wool categories 5%. Since there was no carry-over from the last agreement year, carry-forward only is applicable in the first agreement year (6%). In subsequent years carry-over and carry-forward, up to a total of 11%, are permissible (carry-forward not to exceed 6% of total).

Attached are copies of the exchange of Notes giving effect to the new agreement.

Sincerely,



Harry M. Phelan, Jr.
Minister Counselor

Enclosures:
As stated

EMBASSY
OF THE POLISH PEOPLE'S REPUBLIC
WASHINGTON, D. C.

January 12, 1978

Excellency,

I have the honor to acknowledge the receipt of your note of January 9, 1978 in which you propose an Agreement concerning exports of cotton, wood and man-made fiber textiles and textiles products from Poland to the United States of America.

On behalf of the Government of the Polish People's Republic, I wish to confirm that the content of your note is in accord with the understandings reached in the discussions and in conformity with the Arrangement mentioned by Your Excellency. Therefore, your note and this note of confirmation shall constitute the Agreement between our two Governments.

Please accept, Excellency, the renewed assurances of my highest consideration.

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



DEPARTMENT OF STATE
WASHINGTON

January 9, 1978

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles done at Geneva on December 20, 1973, hereafter referred to as the Arrangement. I also refer to the recent discussions between representatives of our two Governments concerning exports of cotton, wool, and man-made fiber textiles and textile products from Poland to the United States held in Washington from May 18 to May 20, 1977, in Warsaw from October 18 to October 21, 1977 and again in Washington from November 16 to November 18, 1977. As a result of those discussions and in conformity with the Arrangement, I wish to propose the following agreement between our two Governments, relating to such trade in cotton, wool, and man-made fiber textiles:

1. The term of this Agreement shall be three years, from January 1, 1978 through December 31, 1980. During such period, the Government of Poland will limit exports of cotton, wool, and man-made fiber textiles and textile products to the United States of America during each Agreement Year to the Aggregate, Group and Specific Limits and Sub-limits set out in Annex B. Each Agreement Year is a calendar year, with the first Agreement Year beginning on January 1, 1978.

2. 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

His Excellency

Dr. Witold Trampczynski,

Ambassador of the Polish People's Republic.

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 sub-paragraph 2(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 by 17 percent by weight of all component fibers; and

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

3. The system of categories and rates of conversion into square yards equivalent listed in Annex A hereto shall apply in implementing this Agreement, except that, for purposes of this Agreement, and in recognition of the patterns of trade between Poland and the United States of America, Categories 645 and 646 are merged and shall be treated as a single category, designated Category 645/646 and Categories 443, 643 and 644 are merged and shall be treated as a single category, designated Category 443/643/644.

4. The textiles and textile products covered by this Agreement shall be classified in four groups, as follows:

Group I - Cotton, wool and man-made fiber products other than apparel (Categories 300-320, 360-369, 400-429, 464-469, 600-627, 665-669).

Group II - Cotton and man-made fiber apparel other than suits (Categories 330-359, 630-642, 645-659).

Group III - Wool apparel, other than mens' and boys' suits (Categories 431-442, 444-459).

Group IV - Mens' and boys' suits of wool and all suits of man-made fiber (Category 443/643/644).

5. (a) Categories not subject to Specific Limits or to designated Consultation Levels pursuant to subparagraph 5(b), are subject to annual category Consultation Levels and to the Aggregate and applicable Group Limits. The annual category Consultation Levels shall be 1,000,000 square yards equivalent for each cotton and man-made fiber non-apparel category, 700,000 square yards equivalent for each cotton and man-made fiber apparel category, and 100,000 square yards equivalent for each wool category.

(b) The following Categories shall have Designated Consultation Levels as indicated:

	<u>Square Yards Equivalent</u>
<u>Group II</u>	
347	1,068,000
359	1,518,000
340	1,500,000
<u>Group III</u>	
434	200,000

6. In the event Poland wishes to export to the United States of America textiles or textile products in excess of the applicable Consultation Levels, Poland shall request the higher levels and the United States shall consider

the request sympathetically and shall respond promptly and within 30 days of the receipt of the request by the Department of State in Washington, D.C. The absence of an affirmative response shall not be construed as agreement to permit entry.

7. Within the Aggregate Limit, in any Agreement Year the Group Limit for Group I may be exceeded by 10 percent, the Group Limit for Group II may be exceeded by 7 percent, and the Group Limit for Group III may be exceeded by 3 percent. Within the Aggregate Limit in any Agreement Year, and subject to the condition set out below, the Group Limit for Group IV (consisting of the merged Category 443/643/644) may be exceeded by either:

- a. 5 percent of the Group Limit for such Agreement Year or
- b. 7 percent of the Group Limit for such Agreement Year, provided that the entire 7 percent shall be applied solely to the export of man-made fiber suits.

The Government of Poland will inform the Government of the United States, in writing, which of the above alternatives (if either) it elects during any Agreement Year prior to the end of such Agreement Year. The Group Limits for Groups II and/or III shall be reduced by an amount equal to the amount by which Group IV is exceeded during any Agreement Year pursuant to this paragraph.

8. Except as provided elsewhere in this Agreement, and within the applicable Aggregate and Group Limits, during any Agreement Year Specific Limits for cotton and man-made fiber non-apparel categories may be exceeded by 10 percent; for cotton and man-made fiber apparel categories by 7 percent; and for wool categories by 5 percent.

9. (a) In any Agreement Year, in addition to any adjustment pursuant to paragraphs 7 and 8, exports may exceed by a maximum of 11 percent (6 percent during the first Agreement Year) the Aggregate Limit and any Group or Specific Limit or Sub-Limit 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, provided, however, that no Carryover shall be available for application during the first Agreement Year;

(II) Save in the first Agreement Year, to which Carryover does not apply, the combination of Carryover and Carry Forward may not exceed 11 percent of the receiving Agreement Year's applicable Limits in any Agreement Year;

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

(IV) Carryover of Shortfall shall not be applied to any Limit until the Governments of the Polish People's Republic and the United States have completed consultations and agreed upon the amounts involved. However, upon notification to the Government of the United States, prior to reaching agreement upon the amounts involved the Polish People's Republic may apply Carryover in amounts based on United States import statistics without consultations or agreement by the United States.

(b) For purposes of this Agreement, a Shortfall occurs when exports of textiles and textile products of Polish origin to the United States during an Agreement Year are below the Aggregate Limit and any applicable Group or Specific Limit or Sub-Limit for that Agreement Year as set out in Annex B. In the Agreement Year following the Shortfall, exports from Poland to the United States may be permitted to exceed the Aggregate, Group and Specific Limits and/or Sub-Limits subject to conditions of subparagraph (a) of this paragraph 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 Sub-Limit;

(II) In the case of Shortfall in a Category or Sub-category subject to a Specific Limit or Sub-Limit, the Shortfall shall be used in the same Category or Sub-Category in which the shortfall occurred; and

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

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

(d) The total adjustment under this paragraph shall be in addition to adjustments to the Limits permitted by paragraphs 7 and 8.

10. Both Governments will investigate the level of shipments from Poland to the United States during the period January 1, 1977 through December 31, 1977 of products classified in Category 645/646. If such shipments exceed 3,724,160 square yards equivalent, the two Governments shall consult prior to June 30, 1979, to agree upon appropriate

adjustments to the Specific Limit for Category 645/646 set out in Annex B.

11. During the first Agreement Year, each Government shall maintain statistical records on imports or exports, as appropriate, of cotton suits, the component parts of which have been charged to two or more of Categories 333, 334, 335, 342, 347 and 348. The Government of the United States of America shall inform the Government of the Polish People's Republic prior to the end of the first Agreement Year whether it wishes to establish separate Categories with Specific Limits for cotton suits. If the Government of the United States so informs the Government of the Polish People's Republic, the Government of the Polish People's Republic agrees to the establishment of such Categories and Specific Limits and will cooperate with the Government of the United States of America in determining the amount of such Specific Limits.

12. The Government of the Polish People's Republic shall use its best efforts to space exports from Poland to the United States within each category evenly throughout each Agreement Year, taking into consideration normal seasonal factors. Exports from Poland in excess of authorized levels, if allowed entry into the United States of America, will be charged to the applicable levels for the Agreement Year following the year of export.

13. (a) The Government of the United States of America shall promptly supply the Government of the Polish People's Republic with data on monthly imports of cotton, wool and man-made fiber textiles and textile products from Poland; and the Government of the Polish People's Republic shall promptly supply the Government of the United States of America with quarterly data on exports of cotton, wool and man-made fiber textiles and textile products to the United States. Each Government agrees to supply promptly

any other pertinent and readily available statistical data requested by the other Government.

(b) The Government of the Polish People's Republic shall also supply the Government of the United States of America with quarterly data on exports to the United States of America of knit and woven suits and coats, including coats and suits classified in Categories 333, 334, 335, 633, 634, 635, 643 and 644.

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

15. Mutually satisfactory administrative arrangements or adjustments may be made in the implementation of this Agreement.

16. If the Government of the Polish People's Republic considers that, as a result of limitations specified in this Agreement, Poland is being placed in an inequitable position vis-a-vis a third country, the Government of the Polish People's Republic may request consultations with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of this Agreement.

17. During the term of this Agreement, the Government of the United States of America will not apply the provisions of Article 3 of the Arrangement to any cotton, wool or man-made fiber textile or apparel product covered by this Agreement.

18. The Government of the United States of America may assist the Government of the Polish People's Republic in implementing the limitation provisions of this Agreement by controlling imports of cotton, wool and man-made fiber textiles and textile products covered by this Agreement.

19. Either Government may terminate this 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 this Agreement.

If the foregoing proposal is acceptable to the Government of the Polish People's Republic, this note and your Excellency's note of confirmation on behalf of the Government of the Polish People's Republic shall constitute an Agreement between the Government of the Polish People's Republic and the Government of the United States of America.

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

For the Secretary of State:

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	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	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	0.5	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 (inc. uniforms)	45.3	Dz.
337	Playsuits, sunsuits, washesuits, creepers	25.0	Dz.
338	Knit shirts, (inc. T- shirts, other and sweatshirts) M and B	7.2	Dz.
339	Knit shirts and blouses (inc. T-shirts, other & 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, inc. bathrobes, and beach robes, lounging gowns house coats, and dusters	51.0	Dz.
351	Pajamas and other nightwear	52.0	Dz.
352	Underwear (inc. union suits)	11.0	Dz.
359	Other apparel	4.6	Lb.
-- Wool			
431	Gloves	2.1	DPR
432	Hosiery	2.8	DPR
433	Suit-type coats, M and B	3.0	No.
434	Other coats, M and B	4.5	No.
435	Coats, W, G and I	4.5	No.
436	Dresses	4.1	No.
438	Knit shirts and blouses	15.0	Dz.
440	Shirts and blouses, n.k.	24.0	Dz.
442	Skirts	1.5	No.
443	Suits, M and B	4.5	No.
444	Suits, W, G and I	4.5	No.
445	Sweaters, M and B	36.8	Dz.
446	Sweaters, W, G and I	36.8	Dz.
447	Trousers, slacks, and shorts (outer) M and B	1.5	No.

448	Trousers, slacks and shorts (outer) W, G and I	1.5	No.
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, washesuits, etc.	11.3	Dz.
638	Knit shirts, (inc. T- shirts), M and B	18.0	Dz.
639	Knit shirts and blouses (inc. 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	4.5	No.
644	Suits, W, G and I	4.5	No.
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, inc.		
	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	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.

-- Wool

464	Blankets and auto robes	1.3	Lb.
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

Agreement Year

	1978	1979	1980
	(Square Yards Equivalent)		
Aggregate	44,500,000	47,392,500	50,473,013
Group I ^{6.5%}	10,000,000	10,650,000	11,342,250
Cat. 410	1,600,000	1,704,000	1,814,760
Group II ^{6.0%}	35,000,000	37,100,000	39,326,000
Cat. 333	2,200,000	2,332,000	2,471,920
335	1,240,000	1,314,400	1,393,264
338	4,150,000	4,399,000	4,662,940
(TSUSA 380.0650)	(1,300,000)	(1,378,000)	(1,460,680)
339	1,380,000	1,462,800	1,550,568
634	4,200,000	4,452,000	4,719,120
(knit coats)	(3,500,000)	Subject to Consultations	
(not knit coats)	(1,500,000)	Subject to Consultations	
635	2,200,000	2,332,000	2,471,920
(suit-type coats)	(1,000,000)	(1,060,000)	(1,123,600)
638 and 639	4,320,415	--	--
638	(4,066,000)	3,296,000	3,394,880
639	(2,334,415)	2,060,000	2,121,800
645/646	2,590,280	2,706,880	2,828,144
647	1,800,000	1,908,000	2,022,480
(trousers not knit)	(700,000)	(742,000)	(786,520)
648	1,000,000	1,060,000	1,123,600
(trousers not knit)	(400,000)	(424,000)	(449,440)
659	1,000,000	1,060,000	1,123,600
Group III	2,150,000	2,171,500	2,193,215
Cat. 433	250,000	252,500	255,025
435	300,000	303,000	306,030
(suit-type coats)	(100,000)	(101,000)	(102,010)
440	150,000	150,500	153,015
444	250,000	252,500	255,025
445	200,000	202,000	204,020

446	175,000	176,750	178,518
447	200,000	202,000	204,020
459	200,000	202,000	204,020
Group IV	<i>1070</i> 681,750	688,568	695,453