

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/362

11 January 1979

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the United States and Thailand

Note by the Chairman

The attached notification received from the United States mission concerns the conclusion of a new comprehensive agreement covering certain textile products between the United States and Thailand.¹

¹For previous agreement and amendments see COM.TEX/SB/153, 234, 304 and 324.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4:4

Accord bilatéral entre les Etats-Unis et la Thaïlande

Note du Président

La Mission des Etats-Unis a fait parvenir au secrétariat la notification ci-jointe relative à la conclusion entre les Etats-Unis et la Thaïlande d'un nouvel accord d'ensemble portant sur certains produits textiles.¹

¹Pour l'accord précédent et ses modifications, voir les documents COM.TEX/SB/153, 234, 304 et 324.

TS/140-4



UNITED STATES MISSION TO INTERNATIONAL ORGANIZATIONS
GENEVA, SWITZERLAND

ANSWERED	DOC. ISSUED	FOLIO
	TEX/SB/362	211
DEC 9 JAN 1978		
For:	Action	Comment, etc.
TRADE POLICY DT.		
Gen. Aff. 1978		
Agri. Div.		
Special Proj.		
TRADE DEVELOP. DT.:		
Sp. Asst. Tr. Negs		
Dev. Div.		
Intel. Div.		
CHAIR. TSO		
OFFICE OF D-3:		
Consultant (ADG)		
Conf. Div.		
Dir. Ext. Rels/Info.		
Ext. Rels. Sec.		
Info/Lib. Serv.		
Training		

December 29, 1978

Ru

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 bilateral textile agreement between the Government of the United States of America and the Royal Thai Government. The new four-year agreement which has effect from January 1, 1978, supersedes and replaces the old agreement, as amended, which would have expired on December 31, 1978. The original agreement was notified to the TSB and circulated to the TC as COM.TEX/SB/153 of March 26, 1976. Subsequent amendments were notified and circulated as COM.TEX/SB/234, 304 and 324.

The new agreement differs significantly from the old agreement in that there is no aggregate limit and no group limits for yarns, fabrics made-up and miscellaneous textile products. There is an apparel limit and specific apparel category limits for each year of the new agreement. These limits are set forth in Annex B of the agreement. As will be noted in COM.TEX/SB/153 and COM.TEX/SB/234 the apparel group limits for each of the three agreement years of the old agreement were set in proportion to the distribution of the three-year aggregate limit in each of the three years. In the last agreement year of the old agreement (Jan. 1, 1978-Dec. 31, 1978), which coincides with the first agreement year of the new agreement, the apparel group limit was 53,000,000 syds. equiv. This level is retained as the level for the first year of the new agreement; growth having been built in the base of the old agreement. In subsequent years in the new agreement growth in the apparel limit and specific apparel limits is 7% except for wool apparel items where growth is 1% per annum. All categories not given specific limits are subject to general consultation levels: for cotton and man-made

57


fiber non-apparel categories the level is 1,000,000 syds. equiv.; for cotton and man-made fiber apparel categories the level is 700,000 syds. equiv.; and, for all wool categories the level is 100,000 syds. equiv. It will be noted (paragraph 4B of the agreement) that the United States considers each request to exceed these general levels sympathetically and undertakes to deny such requests "only when there are problems of market disruption in the product or category concerned."

Flexibility is available in the swing, carryover and carry forward provisions. Swing has been built in in the specific limits established in Annex B of the agreement while carryover and carry forward are allowed in combination up to 11% (paragraph 5 of the agreement).

The agreement also includes standard provisions for consultation, equity, spacing, exchange of data, exclusion of handloom cottage industry products and provisions for termination.

Attached hereto is a copy of State Department Press Release No. 426 setting forth full texts of the exchange of Notes giving effect to the new agreement.

Sincerely,



Harry M. Phelan, Jr.
Minister Counselor

Attachment:
As stated

DEPARTMENT OF STATE

November 14, 1978

No. 426

*Received
Dec 4, 1978*

UNITED STATES AND THAILAND SIGN TEXTILE AGREEMENT

The United States and the Royal Thai Government exchanged notes on October 4, 1978 to effect a new bilateral textile agreement. The texts of the notes follow:

UNITED STATES NOTE

Bangkok, October 4, 1978

His Excellency
Upadit Pachariyangkun
Minister of Foreign Affairs
Bangkok

Excellency:

I have the honor to refer to the arrangement regarding international trade in textiles, with annexes, done at Geneva on December 23, 1973, and extended by a Protocol adopted on December 14, 1977 at Geneva (hereinafter referred to as the Arrangement).

I have also the honor to refer to negotiations between representatives of the Royal Thai Government and the Government of the United States of America in Pattaya from June 1 to June 4, 1978, concerning exports to the United States of America of cotton, wool and man-made fiber textiles and textile products manufactured in Thailand. As a result of those discussions and in conformity with Article 4 of the Arrangement, I proposed on behalf of the Government of the United States of America in diplomatic note No. 460 dated August 17, 1978, an agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between Thailand and the United States of America.

On behalf of the Royal Thai Government, the Department of Trade of the Ministry of Commerce subsequently requested changes in the proposed text of the agreement. In consideration of the Department of Foreign Trade's request, I now have the honor to offer on behalf of the Government of the United States of America the following revised proposal for an agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between Thailand and the United States of America:

-2-

1. The term of this Agreement shall be from January 1, 1978 through December 31, 1982. An "Agreement year" shall be a calendar year, with the first Agreement year commencing on January 1, 1978 and ending on December 31, 1978.

2. (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 that the pairs of categories below are merged and treated as single categories:

<u>Categories Merged</u>	<u>Designation in Agreement</u>
334, 335	334/335
338, 339	338/339
347, 348	347/348
445, 446	445/446
634, 635	634/635
645, 646	645/646
647, 648	648/648

3. Commencing with the first Agreement year, and during each succeeding Agreement year, the Royal Thai Government shall limit annual exports from Thailand to the United States of America of cotton, wool, and man-made fiber textiles and textile products manufactured in Thailand to the apparel limit in category specified limits set out in Annex B, as such limits may be adjusted in accordance with paragraph 5. The limits set out in Annex B do not include any adjustments permitted under paragraph 5 but do include swing.

4. (A) Categories not subject to specific limits are subject to consultation levels and apparel categories are subject to the apparel limit. Except as specified in Annex C, consultation levels for each Agreement year shall be 1,000,000 square yards equivalent for cotton and man-made fiber non-apparel categories, 700,000 square yards equivalent for cotton and man-made fiber apparel categories and 100,000 square yards equivalent for all wool categories.

(B) In the event the Royal Thai Government wishes to permit exports to the United States of America in any category in excess of the applicable consultation level during any Agreement year, the Royal Thai Government shall request consultations with the Government of the United States of America on this question. The Government of the United States will consider each request sympathetically and will deny such requests only when there are problems

-3-

of market disruption in the category or product concerned. In denying a request, the Government of the United States will supply to the Royal Thai Government the data upon which the decision of the Government of the United States was based.

5. (A) In any Agreement year, exports may exceed by a maximum of 11 percent (6 percent during the first Agreement year) the apparel limit and any category specific limit (as specified 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 ("carry forward") are 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) 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 limits and shall be charged against the immediately following Agreement year's corresponding limits;

(IV) Carryover of shortfall (as defined in subparagraph 5(B)) shall not be applied to any limits until the Royal Thai Government and the Government of the United States of America have agreed upon the amounts involved.

(B) For purposes of this Agreement, a shortfall occurs when exports of textiles and textile products of Thailand to the United States of America during an Agreement year are below the apparel limit on any category specific limit (as specified in Annex B). In the Agreement year following the shortfall, the corresponding exports from Thailand to the United States of America may exceed the apparel limit and category specific limits, subject to the conditions of subparagraph 5(A), by carryover of shortfall in the following manner:

(I) The carryover shall not exceed the amount of shortfall in either the apparel limit or any applicable specific limit;

-4-

(II) In the case of shortfall in a category subject to a specific limit, the shortfall shall be used in the category in which the shortfall occurred; and

(C) The total adjustment permissible under the paragraph for the first Agreement year shall be 6 percent, consisting solely of carry forward.

6. (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 sub-paragraph 6 (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.

7. Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising in the implementation of this Agreement, including differences in points of procedure or operation. Adjustments of consultation levels may be accomplished by exchanges of letters in accordance with the internal procedures of each of the parties to this Agreement.

8. (A) The Government of the United States of America shall promptly supply the Royal Thai Government with data

-5-

on monthly imports of cotton, man-made fiber and wool textiles and textile products into the United States of America from Thailand.

(B) The Royal Thai Government 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 Thailand 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.

9. The Royal Thai Government shall use its best efforts to space exports from Thailand to the United States of America within each category evenly throughout each Agreement year, taking into consideration normal seasonal factors. Exports from Thailand in excess of authorized limits for each Agreement year will, if allowed entry into the United States of America pursuant to this Agreement be charged to the applicable limits or levels for the succeeding Agreement year.

10. If the Royal Thai Government considers that as a result of limitations specified in the Agreement that Thailand is being placed in an inequitable position vis-a-vis a third country, the Royal Thai Government may request consultations with the Government of the United States of America with the view of taking appropriate remedial action such as a reasonable modification of this Agreement.

11. 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 Thailand to the United States. Each Government reserves its rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

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

-6-

13. (A) In conformity with Article 12, paragraph (3) of the Arrangement, this Agreement shall not apply to exports of handloom fabrics of the cottage industry of Thailand, or handmade cottage industry products made of such handloom fabrics in Thailand, or to folklore handicraft textile products traditional to Thailand, provided that such products are properly certified under arrangements established between the two Governments pursuant to paragraph 7 of this Agreement and the August 16, 1976 exchange of letters between the two Governments regarding certification of exempt items.

(B) Exports of cotton, wool and man-made fiber textiles and textile products in shipments individually valued at less than 250 dollars shall not be charged to the limits of this Agreement.

14. During the first Agreement year, each Government shall maintain records on imports or exports, as appropriate, of cotton suits, the component parts of which were charged to two or more of categories 333, 334, 335, 342, 347, and 348. If the Government of the United States of America requests consultation with the Royal Thai Government prior to the end of the first Agreement year with a view to creating a separate specific limit for cotton suits, the Royal Thai Government agrees to consult promptly with the Government of the United States of America.

15. The Government of the United States of America and the Royal Thai Government agree to consult on any question arising in the implementation of this Agreement, and unless otherwise mutually agreed, such consultations shall be held within 30 days of the requests.

16. The Government of the United States of America and the Royal Thai Government 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 such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

17. 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 Royal Thai Government, this note and Your Excellency's

-7-

note of confirmation on behalf of the Royal Thai Government shall constitute an Agreement between our two Governments.

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

For the Secretary of State:

/S/ Morton I. Abramowitz
Ambassador

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

-8-

-- 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	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 (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.

-9-

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	14.88	Dz.
446	Sweaters, W, G and I	14.88	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, washsuits, etc.	21.3	Dz.

-10-

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		
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.

A N N E X BAPPAREL LIMIT AND CATEGORY SPECIFIC LIMITS

	<u>UNITS</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Apparel	SYE	53,000,000	56,710,000	60,679,700	64,927,279	69,472,188
331 Gloves	DPR	314,286	336,286	359,286	385,014	411,965
334/335 Coats, M & B	DOZ	41,162	44,043	47,126	50,426	53,955
338/339 Knit Shirts and Blouses	DOZ	445,833	477,041	510,434	546,165	584,396
340 Shirts, not knit	DOZ	78,631	84,135	90,025	96,326	103,069
341 Blouses, not knit	DOZ	83,017	88,828	95,046	101,699	108,819
347/348 Trousers	DOZ	140,449	150,280	160,801	172,056	184,100
445/446 Sweaters	DOZ	14,113	14,254	14,397	14,541	14,686
634/635 Coats	DOZ	287,454	307,576	329,196	352,143	376,793
639 Knit shirts and blouses, W, G & I	DOZ	988,680	1,057,888	1,131,940	1,211,176	1,295,958
641 Blouses	DOZ	124,138	132,828	142,126	152,075	162,720
645/646 Sweaters	DOZ	56,592	60,553	64,792	69,327	74,180
647/648 Trousers	DOZ	376,600	402,962	431,169	461,351	493,646

-12-

A N N E X CDESIGNATED CONSULTATION LEVELS

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>LEVEL</u>
313	Sheeting	5,300,000 SYE
314	Broadcloth	4,500,000 SYE
315	Printcloth	5,800,000 SYE
317	Twills and Sateens	5,600,000 SYE
319	Duck	3,000,000 SYE
320	Other fabrics, N.E.S.	8,000,000 SYE
613	Spun non-cell, not knit	5,000,000 SYE

ROYAL THAI NOTE

Bangkok, 4th October B. E. 2521 (1978)

His Excellency
Morton I. Abramowitz
Ambassador Extraordinary
and Plenipotary of the
United States of America
Bangkok

Excellency:

I have the honour to acknowledge the receipt of Your Excellency's Note No. 575 dated 4th October 1978 concerning exports of cotton, wool and man-made fiber textiles and textile products from Thailand to the United States of America which reads as follows:

See U.S. note.

In reply, I have the honour to inform Your Excellency that the Note quoted above conforms with the understanding of the Royal Thai Government and that Your Excellency's Note and confirmation contained in this Note constitute an Agreement on Trade in Textiles between the Government of the United States of America and the Royal Thai Government.

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

/S/ (Wongse Polnikorn)
Deputy Minister of Foreign Affairs
Acting Minister of Foreign Affairs