

**GENERAL AGREEMENT  
ON TARIFFS AND  
TRADE**

**ACCORD GENERAL SUR  
LES TARIFS DOUANIERS  
ET LE COMMERCE**

CONFIDENTIAL  
TEX.SB/587  
14 November 1980

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Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Amendment to the Bilateral Agreement between the  
United States and Korea

Note by the Chairman

The attached notification received from the United States mission concerns a further amendment to the bilateral agreement<sup>1</sup> between the United States and Korea, concluded under Article 4 of the Arrangement.

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<sup>1</sup>For details of the agreement and previous amendments see COM.TEX/SB/329, 341, 414, 526 and 583.

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ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4, paragraphe 4

Modification de l'accord bilatéral entre les  
Etats-Unis et la Corée

Note du Président

La Mission des Etats-Unis a fait parvenir au secrétariat la notification ci-jointe relative à une nouvelle modification qui a été apportée à l'accord bilatéral<sup>1</sup> conclu entre les Etats-Unis et la Corée au titre de l'article 4 de l'Arrangement.

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<sup>1</sup>Pour le détail de l'accord et les modifications précédentes, voir les documents COM.TEX/SB/329, 341, 414, 526 et 583.



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**UNITED STATES TRADE REPRESENTATIVE**  
 1-3 AVENUE DE LA PAIX  
 1202 GENEVA, SWITZERLAND  
 Telephone: 32 09 70

November 6, 1980

For			
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Cabinet of DG			
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DEPT. COORDINATION			
Documentation Div.			

The Honorable Paul Wurth  
 Ambassador  
 Chairman, Textiles Surveillance Body  
 GATT  
 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 Textiles Surveillance Body of the further amendment of the cotton, wool and man-made fiber textile agreement between the Government of the United States of America and the Government of the Republic of Korea. The original bilateral agreement and prior amendments have been notified and circulated as Com.Tex/SB/329, 341, 414, 526 and 583.

By virtue of this amendment:

(1) The U.S. and Korea have agreed to replace the former system of minimum and designated consultation levels with an Export Recommendation (ER) System similar to (but differing in some details from) the Export Authorization System in the U.S.-Hong Kong Agreement.

(2) Two specific limits (categories 319 and 647) have been deleted and made subject to the new E.R. System.

(3) The limits for group three (wool) have been increased by 1,000,000 square yards equivalent for 1980 (i.e. to a new level of 15,702,553 sye) with 1% growth thereafter.

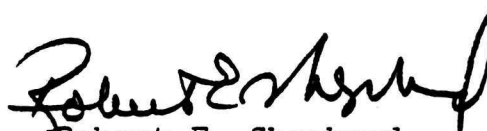
(4) The restraint level for category 443, men's and boy's wool suits, which pursuant to the original agreement was subject to consultation, was set for 26,704 dozen for the 1980 agreement year, the same level as previously established for 1978 and 1979.

(5) The Government of Korea agreed that, for the 1980 agreement year only, it would limit its utilization of swing for 11 sensitive apparel categories or merged categories to 1% less than the amounts afforded in the original agreement and to forgo use of carryover and carryforward for these same 11 categories.

(6) A subcategory for man-made fiber headwear has been created, with a 1980 limit of 6% more than the amount shipped in 1979.

Enclosed hereto are copies of the notes giving effect to this amendment.

Sincerely,



Robert E. Shepherd  
Minister-Counselor

Enclosures

# DEPARTMENT OF STATE

September 19, 1980  
No. 263

UNITED STATES AND THE  
REPUBLIC OF KOREA  
AMEND TEXTILE AGREEMENT

The United States and the Republic of Korea exchanged notes on September 8, 1980 to amend the existing bilateral textile agreement. The texts of the notes follow:

UNITED STATES NOTE

September 8, 1980

His Excellency

Yong Shik Kim,

Ambassador of Korea.

Excellency,

I have the honor to refer to the Agreement of December 23, 1977, Relating to Trade in Cotton, Wool and Man-Made Fiber Textiles and Textile Products, with Annexes, as amended, between the Governments of the United States of America and the Republic of Korea (the "Agreement") and to consultations between representatives of the Governments of the United States of America and the Republic of Korea held in Washington, D.C. from January 30 to February 5, 1980.

EB/TEX:John Bowen (202)632-2062

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On the basis of these consultations, I have the honor to propose, on behalf of the Government of the United States of America, that the Agreement be amended as follows:

1. Effective from January 1, 1980 and until the termination of the Agreement on December 31, 1982, Annex C of the Agreement shall be deleted and Paragraph 6 of the Agreement shall be replaced by the following:

"6. Each Category and Sub-Category not subject to a Specific Limit will be subject to the Aggregate and applicable Group Limits and the consultation procedures as set forth in this paragraph.

(a) The Government of Korea shall provide prompt reports (i.e., as soon as possible but in no case later than five days following the close of the reporting period) to the Government of the United States on export recommendations (ERs) issued for exports to the United States for textile categories included in the ER system on the following basis:

(1) Monthly reports except as indicated in 6(a) (2) or (3) below:

(2) For Agreement Year 1980, semi-

monthly reports beginning either:

(i) when ERs issued for a Category or Sub-Category reach

80 percent of Korea's

exports in that Category or

Sub-Category to the United

States in the previous

years; or

(ii) October 1 of the 1980

Agreement Year, whichever

is sooner. With respect

to Categories or Sub-Cate-

gories where ERs reach 80

percent of the previous

year's trade as described

above, the Republic of

Korea additionally will

immediately notify the

Government of the United

States when this occurs.

(3) For Agreement Years 1981 and 1982

the Republic of Korea shall report

weekly when ERs issued reach 80

percent of the previous year's

trade or beginning October 1

whichever is sooner. In both

years the Government of Korea

shall immediately notify the Government of the United States of America when ERs issued reach 80 percent of the previous year's trade.

- (b) The Government of the United States may request consultations with a view to agreement on an appropriate level of restraint for any Category or Sub-Category not given a Specific Limit for any Agreement Year whenever, in the view of the Government of the United States, conditions in its market are such that a limitation on further trade in any such Category or Sub-Category is necessary in order to eliminate a real risk of market disruption.
- (c) The request for such consultations shall be supported as soon as possible, and in any case within 21 days of the date of the request, by a statement of market conditions in the United States which in the opinion of the Government of the United States make necessary the request for consultations. This statement shall include

data similar to that contemplated in paragraphs 1 and 2 of Annex A of the Arrangement.

- (d) Upon receipt of a request for such consultations, the Republic of Korea, as requested by the Government of the United States, shall cease or otherwise limit further issuance of ERs for a period of seven (7) U.S. working days. The Government of the United States may request the Republic of Korea to extend the period of seven (7) U.S. working days mentioned above and may also request Korea to limit the issuance of ERs to a level different from that specified in paragraph 6 (e) (i) and (ii) below, whichever is applicable.

The Government of the Republic of Korea shall consider any such request sympathetically and shall respond promptly. Unless agreed otherwise, the Republic of Korea shall have the right, following the expiry of the period of seven (7) U.S. working days mentioned above, to resume the issuance of ERs up to the



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level specified in paragraph 6 (e) (i) and (ii) below, whichever is applicable. ERs thus issued as well as ERs issued prior to receipt of the request for consultations may be honored by the issuance of export licenses by the Government of the Republic of Korea. The two Governments, unless agreed otherwise, shall consult as soon as possible within 30 days of the request for such consultations and shall make their best efforts to complete such consultations within 30 days of the commencement.

(e) (i) In the event that consultations do not result in agreement, the Government of the United States shall have the right to request the Government of the Republic of Korea to limit exports of the relevant products during the Agreement Year in which the request for consultations is made to a level not less than the highest of:

(A) the level of the trade in the relevant product or category for the immediately preceding Agreement Year plus either 20 percent

- of that level (in the case of cotton and man-made fiber products) or 6 percent of that level (in the case of wool products),
- (B) the average of the level of trade in the relevant product or category for all previous Agreement Years since January 1, 1978 plus either 20 percent of that level (in the case of cotton and man-made fiber products) or 6 percent of that level (in the case of wool products),
- (C) the limit requested by the Government of the United States for the cessation of issuance of ERs in accordance with paragraph 6 (d) hereof.
- (ii) Except as provided for in paragraph (iv) below in respect of any product or category where a limit has been established for a single Agreement Year and where, in the immediately subsequent Agreement Year the Government of the United States makes another request for consultations

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under paragraph 6 (b) of this Agreement, and, in the event that such consultations do not result in agreement, the Government of the United States shall have the right to request the Government of the Republic of Korea to limit exports of the relevant products during the Agreement Year in which the request for consultations is made, to a level not less than the higher of:

(A) the limit established for the immediately preceding year plus either 8 percent of that limit (in the case of cotton and man-made fiber products) or 3 percent of that limit (in the case of wool products)

(B) the limit requested by the Government of the United States for the cessation of issuance of ERs in accordance with paragraph 6 (d) hereof.

(iii) Where the Government of the United States makes a request under paragraph 6 (e) (i) and (ii) hereof the

Government of the Republic of Korea agrees that it will honor such a request.

- (iv) In respect of any product or category for which a limit is established in any one Agreement Year, either Government may, prior to the start of the immediately following Agreement Year, elect to convert that limit into a Specific Limit effective as such, from the 1st of January of the immediately following Agreement Year and that product or category shall remain subject to a Specific Limit for the duration of this Agreement. Where such a conversion is made, the Specific Limit so created shall, from the date of effectiveness, be accorded growth at 5.0 percent (in respect of cotton and man-made fiber products) or 1 percent (in respect of wool products). The Specific Limit so created shall, beginning in the year of effectiveness be accorded flexibility pursuant to paragraphs 8 and 9 of the Agreement, except that the carryover provisions of paragraph 9 shall not apply until the second year.

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- (v) Should two requests in respect of the same category or product be made under paragraph 6 (b) hereof during the term of this Agreement but in different Agreement Years, not being consecutive years, the provisions of paragraph 6 (e) (i) shall apply to the second of the two requests.
- (vi) For the purpose of paragraph 6 hereof the phrase "Level of Trade" shall mean the level of trade established by consultations to be held concurrently with the consultations envisaged under paragraph 6 (a) in hereof, or, where such consultations have not been completed, the level of trade by date of export."

- 2. Annex B shall be amended as follows:
  - a) Effective January 1, 1980 categories 319 and 647 shall be deleted from Annex B and shall become subject to the ER system in paragraph 6.

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- b) The Group III limit shall be amended as follows:

<u>1980</u>	<u>1981</u>	<u>1982</u>
15,702,533	15,859,558	16,018,154

- c) The restraint level for Category 443 (Suits - Men's and Boys') shall be 26,704 dozen for the 1980 Agreement Year.

3. With respect to the use of the flexibility provisions of paragraphs 8 and 9 of the Agreement, the Republic of Korea undertakes the following for Agreement Year 1980 only:

- a) to limit utilization of swing to one percentage point below that authorized in the Agreement in each of the Specific Limit categories in Group II as follows:

<u>Category</u>	<u>Swing Available</u>
333/4/5	6%
338/9	6%
340	6%
341	6%
347/8	6%
633/4/5	5%
638/9	5%
<i>Shirts, not suits</i> 640 (dress)	5%
640 (other)	5%
641	5%
643	5%

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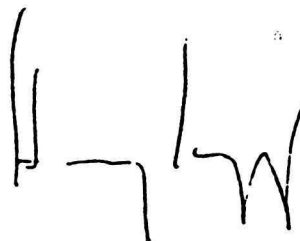
- b) to forego utilization of all carryover and carryforward for the Specific Limit categories in Group II of the Agreement, as listed in sub-paragraph (a) hereof.
- c) Neither sub-paragraphs (a) and (b) hereof shall affect the flexibility provisions for Group II as provided for in the Agreement.

4. Within existing Category 659, a Sub-Category for headwear (659 pt - headwear) is created, covering TSUSA numbers 703.0500 and 703.1000. It is agreed that Korean exports of these products to the United States in 1980 will not exceed a level more than six percent higher than 1979 Korean exports in this Sub-Category.

If the foregoing arrangement is acceptable to the Government of the Republic of Korea this note and your note of acceptance on behalf of the Government of the Republic of Korea shall constitute an amendment to the Agreement.

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

For the Secretary of State:



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REPUBLIC OF KOREA NOTEEMBASSY OF THE REPUBLIC OF KOREA  
WASHINGTON, D. C.

September 8, 1980

His Excellency  
Edmund S. Muskie  
Secretary of State  
Department of State  
Washington, D.C.

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's Note of September 8, 1980 proposing certain amendments to the bilateral Textile Trade Agreement between our two Governments.

I have further the honor to inform Your Excellency that the proposals set forth in your Note are acceptable to the Government of the Republic of Korea and to confirm on behalf of the Government of the Republic of Korea that Your Excellency's Note and this Note in reply thereto constitute an amendment to the Agreement.

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



Yong Shik Kim  
Ambassador