

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/48

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Special Distribution

Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notifications

The Textiles Surveillance Body (TSB) has received from the Government of the UNITED STATES a notification of an agreement between the United States and Hong Kong concerning trade in textiles. This agreement has been notified by the United States under Article 4, paragraph 4, of the Arrangement.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4¹, has examined the relevant documentation. The TSB is circulating the text of this agreement to participating countries in the Arrangement for their information.

¹See COM.TEX/SB/35, Annex B.

Encl.1

Note from American Consul General to Hong Kong
Director of Commerce and Industry

Sir:

I refer to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done in Geneva on 20 December 1973.

I also refer to the recent discussions between representatives of the Government of the United States of America and the Government of Hong Kong concerning exports of cotton, wool and man-made fibre textiles and textile products manufactured in Hong Kong which are exported to the United States. As a result of these discussions, I propose on behalf of my Government, under Article 4. of, and in conformity with, the Arrangement, the following Agreement relating to trade in cotton, wool and man-made fibre textiles between Hong Kong and the United States.

1. The term of this Agreement shall be from 1 October 1974 through 30 September 1977.¹ During such term, the Government of Hong Kong shall limit annual exports of cotton, wool and man-made fibre textiles and textile products from Hong Kong to the United States to the aggregate, group and specific limits specified below and in Annex B, as adjusted in accordance with paragraphs 5, 6 and 7.

2. For the first agreement year, constituting the twelve-month period beginning 1 October 1974, the aggregate limit shall be 835,287,133 square yards equivalent.

3. Within the aggregate limit, the following group limits shall apply for the first agreement year:

<u>Group</u>	<u>Limit</u> (in equivalent square yards)
I. Yarn and fabric of cotton and/or man-made fibre (textile categories 1-27 and 200-213)	227,046,385

¹Bilateral agreements relating to the period preceding 1 October 1974 are notified in COM.TEX/SB/3 (pages 320-328).

<u>Group</u>	<u>Limit</u> (in equivalent square yards)
II. Apparel of cotton and/or man-made fibre (textile categories 39-63 and 214-240)	515,760,333
III. Other made-up and miscel- laneous products of cotton and/or man-made fibre (textile categories 28-38, 64 and 241-243)	51,268,375
IV. Wool textile products (textile categories 101-132)	41,212,040

4. Within the aggregate limit and applicable group limits, the specific limits provided for in Annex B shall apply for the first agreement year. All products in categories not having limits specified in Annex B may be exported from Hong Kong to the United States in accordance with the provisions of paragraph 8.

5. Within the aggregate limit, the group limits for Groups I and III may be exceeded by not more than 15 per cent, the group limit for Group II may be exceeded by not more than 7 per cent and the group limit for Group IV may be exceeded by not more than 1 per cent. Within the applicable group limit (as it may be adjusted under this paragraph) any specific limits established in Annex B, or pursuant to an amendment to this Agreement, in Group I may be exceeded by not more than 10 per cent, in Group II by not more than 7 per cent, in Group III by not more than 10 per cent, and in Group IV by not more than 5 per cent.

6. (a) For the second and third agreement years, the aggregate limit shall be increased by 6.25 per cent over the aggregate limit for the previous year. Within that limit, the limit for Group IV shall be increased by 1 per cent. Within the aggregate and applicable group limits, all specific limits shall be increased by 6.25 per cent annually except those specific limits in Group IV which shall be increased by 1 per cent annually.

(b) The difference between the amounts resulting from the application of a 6.25 per cent annual growth to the aggregate limit and a 1 per cent annual growth to the limit for Group IV shall be divided pro rata among Groups I, II and III. The limits referred to in this paragraph are without adjustments under any other provisions of this Agreement.

7. (a) In any agreement year, exports may exceed by a maximum of 11 per cent the aggregate limit and any group or specific limit by allocating to the limits for that year an unused portion of the previous agreement year's applicable limit (carryover) or a portion of the applicable limit for the succeeding agreement year (carry forward).

(b) Carry forward shall be limited to a maximum of 6 per cent of the applicable limits of the receiving year* and shall be charged against the same limits of the succeeding agreement year. Notwithstanding the foregoing, carry-over of shortfalls into the first agreement year shall be not more than 5 per cent of the applicable limits of the textile agreements in force for the year ending 30 September 1974.**

(c) For purposes of this Agreement, a shortfall occurs when exports from Hong Kong to the United States during an agreement year are below the aggregate limits and any applicable group and specific limits in this Agreement or the Agreements in force for the year ending 30 September 1974. The Government of Hong Kong may permit exports to exceed the aggregate, group and specific limits by the amounts in (a) of this paragraph by carryover of shortfalls in the following manner:

- i. The carryover shall not exceed the amount of the shortfall in either the aggregate limit or any applicable group or specific limit; and
- ii. In the case of shortfalls in the categories (or combination of categories) subject to specific limits, the shortfall shall be used in the same category (or combination of categories) in which the shortfall occurred; and
- iii. In the case of shortfalls not attributable to categories (or combination of categories) subject to specific limits, the carryover shall be used in the same group in which the shortfall occurred and shall not be used to exceed any applicable specific limit except in accordance with the provision of paragraph 5, and shall not affect any consultation arrangements made pursuant to paragraph 8.

* i.e. year the limits for which are to be adjusted by carryover and or carry forward.

** Agreement concerning trade in cotton and in wool and man-made fibre textiles of 17 December 1970 and 6 January 1972.

(d) The limits referred to in subparagraphs (a), (b) and (c) of this paragraph are without any adjustments under this paragraph or paragraph 5 above.

(e) The total adjustment under this paragraph shall be in addition to the adjustments permitted by paragraph 5 to the limits for any year.

8. In view of the well established and effective Hong Kong system of export authorization and licensing, and the desire of both Governments to eliminate real risks of market disruption, the following consultation procedures shall apply to each category not given a specific limit:

(a) Hong Kong will provide reports on Export Authorizations (EA's) issued for the United States on such categories as frequently and in such detail as may be requested.

(b) The United States may request consultations with a view to agreement on an appropriate level of restraint for any category not given a specific limit for any agreement year whenever, in the view of the United States, conditions in its market are such that a limitation on further trade in any such category may be necessary to eliminate real risks of market disruption.

(c) Upon receipt of such a United States request for consultations, Hong Kong, as requested by the United States, will cease or otherwise limit further issuance of EA's and shall not further issue EA's in the absence of specific agreement by the United States, pending the conclusion of consultations. EA's issued prior to receipt of the request for consultations may be honoured by the issuance of export licences by Hong Kong.

(d) The two Governments, unless agreed otherwise, will consult as soon as possible within 30 days of the request for such consultations and will make their best efforts to complete such consultations within 30 days of their commencement. The request for such consultation shall be accompanied by a statement of the market conditions in the United States which, in the opinion of the United States, make necessary the request for consultations. The statement shall include data similar to that contemplated in paragraphs I and II of Annex A of the Arrangement.

(e) In the event that consultations do not result in agreement, the United States shall have the right to request the Government of Hong Kong to limit exports of the product in question for the agreement year in which the request for consultation takes place, to a level not less than the level of EA's issued and the Government of Hong Kong agrees that it will honour such a request.

(f) In the event that the parties are unable to reach agreement during such consultations, either of the parties may as a participating country in the Arrangement, elect to bring the matter before the Textiles Surveillance Body in accordance with Article 11 of the Arrangement. Either party choosing to adopt such a course of action shall immediately notify the other of its intention.

(g) In the event either party chooses to avail itself of a review of the situation by the Textiles Surveillance Body, both parties agree that they will be prepared to consult further with respect to the outcome of such review in accordance with Article 11 of the Arrangement.

(h) In the implementation of this provision, Hong Kong will undertake to advise the United States immediately upon receipt of any applications for EA's in exceptionally large amounts of unusual concentration of applications for EA's in a particular category. The two Governments also will consult with regard to problems that may arise with respect to the invocation of this paragraph at the end of an agreement year to consider the possibilities of avoiding undue hardship to the trade, such separate consultations to be held as early as possible.

9. For purposes of this Agreement, any textile products, being products which derive their chief characteristics from their textile components, (tops, yarns, fabrics, apparel, made-up and miscellaneous articles and other textile manufactures) of cotton, wool, and man-made fibres or blends thereof shall be subject to the provisions of this Agreement where the fibre composition of such articles meets the following description, and such articles shall be charged to the relevant provisions of this Agreement in accordance with such description. Textiles shall be charged on the basis of their fibre content as:

Cotton textiles if more than 50 per cent by weight of cotton or chief value cotton;

Wool textiles if not cotton and if 17 per cent or more of wool by weight;

Man-made fibre textiles if not cotton or wool and if chief weight of man-made fibre. If problems should arise, the two Governments shall consult promptly with a view to finding a mutually acceptable solution. If no such solution can be achieved, the chief value criterion shall prevail.

10. Notwithstanding any other provisions of this Agreement, for the first year of this Agreement, the Government of Hong Kong may charge against Categories 50/51 (trousers) cotton jackets (other than suit type jackets) exported as part of sets at the square yard equivalent conversion rate established in Annex B for

Category 49. Such exports of sets shall be separately reported by Hong Kong in the EA and export reports furnished under this Agreement and shall be subject to the provisions of paragraph 8 above. At the first annual review, the two Governments shall consider this provision to determine whether it may be continued.

11. In the implementation of this Agreement, the system of textile categories and conversion factors listed in Annex A shall apply. Recognizing that this Agreement aligns, to the best knowledge of the two Governments, Hong Kong's export control practices and United States classification practices as far as is practicable to do so (unless agreed otherwise), each Government will consult with the other, at the earliest possible opportunity, if it comes to the notice of either Government that any problem in the classification of specific products may be developing; both Governments will seek by all means at their disposal to resolve any problem of classification practice which may be found to exist, in a manner compatible with the interests of both Governments. Any adjustment which cannot be made during any agreement year will be considered at the annual consultation provided for in paragraph 12.

12. The two Governments agree to consult annually during the last quarter of each agreement year, or at such other times as may be mutually agreed, to review this Agreement and to consider any question arising in the implementation thereof.

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. (a) The two Governments recognize that the successful implementation of this Agreement depends in large part upon mutual co-operation on statistical questions. The Government of the United States of America shall promptly supply the Government of Hong Kong with data on monthly imports of cotton, man-made fibre and wool textile products from Hong Kong. The Government of Hong Kong shall promptly supply the Government of the United States of America with pertinent data on anticipated exports in categories not subject to specific limits and data on monthly exports of cotton, man-made fibre and wool products to the United States.

(b) Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement requested by the other Government.

15. The Government of Hong Kong shall use its best efforts to space exports from Hong Kong to the United States within each category or combination of categories evenly throughout the agreement year, taking into consideration normal seasonal factors.

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

17. If, having regard to the provisions of the Arrangement the Government of Hong Kong considers that Hong Kong is being placed in an inequitable position vis-à-vis a third country, the Government of Hong Kong may request consultations with the Government of the United States with a view to taking appropriate remedial action. The United States will consult with the Government of Hong Kong in the event of such a request.

18. 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. Either Government may at any time propose revisions in the terms of this Agreement.

If the foregoing proposal is acceptable to the Government of Hong Kong, this note and your note of acceptance on behalf of the Government of Hong Kong will constitute an agreement between our two Governments.

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

Enclosures:

1. Annex A
2. Annex B

The Honorable
D.H. Jordan, M.B.E., J.P.,
Director of Commerce and Industry
Hong Kong

Annex A

TEXTILE CATEGORIES AND CONVERSION FACTORS

Category	Description	Unit	Conversion factor to square yards
A.	<u>COTTON TEXTILES</u>		
1	Yarn, carded singles	Lb.	4.6
2	Yarn, carded plied	Lb.	4.6
3	Yarn, combed singles	Lb.	4.6
4	Yarn, combed plied	Lb.	4.6
5	Gingham, carded	Sq. yd.	1.0
6	Gingham, combed	Sq. yd.	1.0
7	Velveteen	Sq. yd.	1.0
8	Corduroy	Sq. yd.	1.0
9	Sheeting, carded	Sq. yd.	1.0
10	Sheeting, combed	Sq. yd.	1.0
11	Lawn, carded	Sq. yd.	1.0
12	Lawn, combed	Sq. yd.	1.0
13	Voile, carded	Sq. yd.	1.0
14	Voile, combed	Sq. yd.	1.0
15	Poplin and broadcloth, carded	Sq. yd.	1.0
16	Poplin and broadcloth, combed	Sq. yd.	1.0
17	Typewriter ribbon cloth	Sq. yd.	1.0
18	Print cloth, shirting type, 80 x 80 type, carded	Sq. yd.	1.0
19	Print cloth, shirting type, other than 80 x 80 type, carded	Sq. yd.	1.0
20	Shirting, Jacquard or dobby, carded	Sq. yd.	1.0
21	Shirting, Jacquard or dobby, combed	Sq. yd.	1.0
22	Twill and sateen, carded	Sq. yd.	1.0
23	Twill and sateen, combed	Sq. yd.	1.0
24	Woven fabric, n.e.s., yarn dyed, carded	Sq. yd.	1.0
25	Woven fabric, n.e.s., yarn dyed, combed	Sq. yd.	1.0

Category	Description	Unit	Conversion factor to square yards
26	Woven fabrics, other, carded	Sq. yd.	1.0
(1)	Duck fabric, carded	Sq. yd.	1.0
(2)	Woven fabrics, other, n.e.s.	Sq. yd.	1.0
27	Woven fabrics, other, combed	Sq. yd.	1.0
(1)	Oxford cloth, combed	Sq. yd.	1.0
(2)	Duck fabric, combed	Sq. yd.	1.0
(3)	Woven fabrics, n.e.s., combed	Sq. yd.	1.0
28	Pillowcases, carded	No.	1.084
29	Pillowcases, combed	No.	1.084
30	Dish towels	No.	.348
31	Other towels	No.	.348
(1)	Shop towels (industrial wiping cloths)	Lb.	4.6
(2)	Other towels, n.e.s.	No.	.348
32	Handkerchiefs, whether or not in the piece	Doz.	1.66
33	Table damask and manufactures	Lb.	3.17
34	Sheets, carded	No.	6.2
35	Sheets, combed	No.	6.2
36	Bedsreads and quilts	No.	6.9
37	Braided and woven elastic	Lb.	4.6
38	Fishing nets and fish netting	Lb.	4.6
39	Gloves and mittens	Doz. Prs.	3.527
40	Hose and half hose	Doz. Prs.	4.6
41	T-shirts, all white, knit, men's and boys'	Doz.	7.234
42	T-shirts, other, knit	Doz.	7.234
43	Shirts, knit, other than T-shirts and sweatshirts	Doz.	7.234
44	Sweaters and cardigans	Doz.	36.8
45	Shirts, dress, not knit, men's and boys'	Doz.	22.186
46	Shirts, sport, not knit, men's and boys'	Doz.	24.457
47	Shirts, work, not knit men's and boys'	Doz.	22.186
48	Raincoats, 3/4 length or longer, not knit	Doz.	50.0
49	Other coats, not knit	Doz.	32.5

Category	Description	Unit	Conversion factor to square yards
50	Trousers, slacks and shorts (outer), not knit, men's and 'boys'	Doz.	17.797
51	Trousers, slacks and shorts (outer), not knit, women's, girls' and infants'	Doz.	17.797
52	Blouses, not knit	Doz.	14.53
53	Dresses (including uniforms), not knit	Doz.	45.3
54	Playsuits, washsuits, sunsuits, creepers, rompers, etc., not knit, n.e.s.	Doz.	25.0
55	Dressing gowns, including bathrobes, beach robes, lounge robes, housecoats, and dusters, not knit	Doz.	51.0
56	Undershirts, knit, men's and boys'	Doz.	9.2
57	Briefs and undershorts, men's and boys'	Doz.	11.25
58	Drawers, shorts and briefs, knit, n.e.s.	Doz.	5.0
59	All other underwear, not knit	Doz.	16.0
60	Pyjamas and other nightwear	Doz.	51.96
61	Brassières and other body- supporting garments	Doz.	4.75
62	Wearing apparel, knit, n.e.s.	Lb.	4.6
(1)	Sweatshirts, knit	Lb.	4.6
(2)	Blouses, knit	Doz.	7.234
(3)	Other wearing apparel, knit	Lb.	4.6
63	Wearing apparel, not knit, n.e.s.	Lb.	4.6
(1)	Entireties, not knit	Doz.	25.0
(2)	Other wearing apparel, not knit	Lb.	4.6
64	All other cotton textiles	Lb.	4.6

Category	Description	Unit	Conversion factor to square yards
B. WOOL TEXTILES			
101	Wool tops and wool advanced	Lb.	1.95
102	Yarns of Angora Rabbit hair	Lb.	1.95
103	Other yarns of wool and hair	Lb.	1.95
104	Woven fabrics of wool, including blankets (carriage robes, lap robes, steamer rugs, etc.) over 3 yards in length	Sq. yd.	1.0
105	Billiard cloth	Sq. yd.	1.0
106	Blankets	Lb.	1.295
107	Carriage and auto robes, etc., n.e.s.	Lb.	1.295
108	Tapestries and upholstery fabrics	Sq. yd.	1.0
109	Pile and tufted fabrics	Sq. yd.	1.0
110	Knit fabrics in the piece	Lb.	1.95
111	Hosiery	Doz. pr.	2.7814
112	Gloves and mittens	Doz. pr.	2.093
113	Underwear, knit	Doz.	5.0
114	Other infants' articles, knit not ornamented	Lb.	1.95
115	Knit hats and similar items	Doz.	10.0
116	Knit wearing apparel, n.e.s., valued not over \$5 per pound	Lb./Doz.	1.95/14.88 ² / ₁
117	Knit wearing apparel, n.e.s., valued over \$5 per pound	Lb./Doz.	1.95/14.88 ² / ₁
118	Hats, caps, not blocked	Doz.	10.0
119	Hats, caps blocked, finished	oz.	10.0
120	Men's and boys' suits	No.	4.5
121	Men's and boys' outer coats	No.	4.5
122	Women's, misses, and children's coats and suits	No.	4.75
123	Women's, misses, children's separate skirts	No.	1.5
124	Trousers, slacks and shorts	No.	1.5
125	Articles of wearing apparel, n.e.s.	Lb.	2.0
126	Lace and net articles including veiling	Lb.	1.95
128	Miscellaneous wool manufactures	Lb.	1.95
131	Braided floor coverings	Sq. ft.	0.1111
132	Wool floor coverings, n.e.s.	Sq. ft.	0.1111

Category	Description	Unit	Conversion factor to square yards
C. <u>MAN-MADE FIBRE TEXTILES</u>			
200	Textured yarns	Lb.	3.51
201	Yarn wholly of continuous filament, cellulosic	Lb.	5.19
202	Yarn wholly, of continuous filament, other	Lb.	11.6
203	Yarn wholly of non-continuous filament, cellulosic	Lb.	3.4
204	Yarn wholly of non-continuous filament, other	Lb.	4.12
205	Yarns, other	Lb.	3.51
206	Woven fabrics, cellulosic, wholly of continuous man-made fibre	Sq. yd.	1.0
207	Woven fabrics, cellulosic, wholly of non-continuous fibres	Sq. yd.	1.0
208	Woven fabrics, other, wholly of continuous man-made fibre	Sq. yd.	1.0
209	Woven fabrics, other, wholly of non-continuous fibre	Sq. yd.	1.0
210	Woven fabrics, other, of man-made fibres (including fabric containing more than 17% by weight of wool; glass fabrics and mixed yarn fabrics)	Sq. yd.	1.0
211	Knit fabrics	Lb.	7.8 ^{b/}
212	Pile and tufted fabrics	Sq. yd.	1.0
213	Specialty fabrics	Lb.	7.8
214	Gloves and mittens, knit whether or not ornamented	Doz.	3.52
215	Hosiery	Doz. pr.	4.6
216	Dresses, knit	Doz.	45.3
217	Pyjamas and other nightwear, knit	Doz.	51.96
218	T-shirts, knit	Doz.	7.24
219	Shirts, other (including blouses), knit	Doz.	18.36

Category	Description	Unit	Conversion factor to square yards
220	Skirts, knit	Doz.	17.8
221	Sweaters and cardigans, knit	Doz.	36.8
222	Trousers, slacks and shorts, knit, women's, girls' and infants'	Doz.	17.8
223	Underwear, knit	Doz.	16.0
224	Other wearing apparel, knit whether or not ornamented		
(1)	Suits, men's and boys', knit	No.	4.5
(2)	Suits, women's, girls' and infants', knit	No.	4.5
(3)	Coats and jackets, knit	Doz.	41.25
(4)	Other wearing apparel, knit	Lb.	7.8
225	Body supporting garments	Doz.	4.75
226	Handkerchiefs	Doz.	1.66
227	Mufflers, scarves and shawls, not knit	Lb.	7.8
228	Blouses, not knit	Doz.	14.52
229	Coats, not knit	Doz.	41.25
230	Dresses, not knit	Doz.	45.3
231	Dressing gowns, including bathrobes and beach robes, not knit	Doz.	51.0
232	Pyjamas and other night- wear, not knit	Doz.	51.96
233	Playsuits, sunsuits, wash- suits, etc., not knit	Doz.	21.3
234	Dress shirts, not knit	Doz.	22.19
235	Shirts, other, not knit	Doz.	24.46
236	Skirts, not knit	Doz.	17.8
237	Suits, not knit	No.	4.5
238	Trousers, slacks and shorts, not knit	Doz.	17.8
239	Underwear, not knit	Doz.	16.0
240	Other wearing apparel, not knit, whether or not ornamented	Lb.	7.8
241	Floor coverings	Sq. ft.	0.11
242	Other furnishings	Lb.	7.8

Category	Description	Unit	Conversion factor to square yards
243	Man-made fibre manufactures, n.e.s.	Lb.	7.8

a/ Whole garments in Category 116/117 shall be controlled by Hong Kong in dozens, converting at 14.88 square yards per dozen; other apparel items shall be controlled in pounds, converting at 1.95 square yards per pound.

b/ The unit and conversion factor for 211 are used by the United States Government to record imports of this item.

c/ Products in Category 224(4) having counterpart products convertible in dozens in Categories 225-240 shall be controlled by Hong Kong in dozens at the same conversion rate as the counterpart categories. Other products in Category 224(4) shall be controlled in pounds at the rate of 7.8 square yards per pound.

Apparel items exported in sets shall be recorded under separate categories of the component items.

Annex B

CATEGORIES SUBJECT TO SPECIFIC LIMITS AND OTHER CATEGORIES

Group and category	Unit	Level	
		Quantity	Square yards equivalent
<u>Group I - Yarns and fabrics of cotton and man-made fibres</u>			
Sheeting (Category 9/10)	Sq. yd.		96,653,932
Twills and sateen (Cat.22/23)	Sq. yd.		35,868,502
Duck (Cat. 26(1) and 27(2))	Sq. yd.		53,554,240
All other yarns and fabrics (Categories 01-05, 11-21, 24, 25, 26(2), 27(1), 27(3), 200-213)*	Sq. yd./Lb.	Variable ^{a/}	40,969,711
<u>Group II - Apparel of cotton and man-made fibres</u>			
Knit T-shirts (Cat. 41/42)	Doz.	716,368	5,182,205
Other knit shirts and blouses, except sweatshirts (Cat. 43 and 62(2))	Doz.	1,184,117	8,565,901
Woven shirts (Cat. 45/46/47)	Doz.	Variable ^{a/}	45,717,253
Raincoats, 3/4 length or longer (Category 48)	Doz.	22,220	1,111,000
Other coats, woven (Cat. 49)	Doz.	82,820	2,691,650
Trousers, slacks and shorts, woven (Cat. 50/51)	Doz.	4,364,711	77,678,767
Men's and boys' (sub-ceiling) (Category 50)	Doz.	(1,803,880)	(32,103,652)
Women's, girls' and infants' (sub-ceiling)(Category 51)	Doz.	(3,652,009)	(64,994,806)
Blouses, woven (Category 52)	Doz.	1,938,964	28,173,150
Playsuits, sunsuits, wash-suits, rompers, etc., and entireties (Cat. 54 and 63(1))	Doz.	501,518	12,537,944
Pyjamas and other nightwear (Category 60)	Doz.	883,530	45,908,198

Group and category	Unit	Level	
		Quantity	Square yards equivalent
Knit dresses (Category 216)	Doz.	85,998	3,895,708
Knit shirts (except T-shirts) and blouses (Category 219)	Doz.	1,435,945	26,363,950
Sweaters and cardigans (Cat. 221)	Doz.	1,049,115	38,607,432
Trousers, slacks and shorts, knit (Category 222)	Doz.	732,206	13,033,267
Suits, men's and boys' knit (Category 224(1))	No.	593,563	2,671,034
Suits, women's, girls' and infants', knit (Cat. 224(2))	No.	3,314,438	14,914,971
Coats and jackets, knit (Category 224(3))	Doz.	353,638	14,587,587
Coats, not knit (Cat. 229)	Doz.	461,022	19,017,153
Suits, not knit (Cat. 237)	No.	123,973	557,879
All other apparel (Categories 39,40,44,53,55,59,61,62(1), 62(3),63(2),214,215,217, 218,220,223,224(4),225-228, 230-236, and 238-240)*	variable ^{a/}	variable ^{a/}	154,545,284
<u>Group III - Made-up and miscellaneous articles of cotton and man-made fibres</u>			
All made-up and miscellaneous articles (Categories 28-38, 64, and 241-243)*	variable ^{a/}	variable ^{a/}	51,268,375

Group and category	Unit	Level	
		Quantity	Square yards equivalent
<u>Group IV - Wool textiles and apparel</u>			
Knit apparel (Cat. 116/117)	variable ^{a/} Doz.	variable ^{a/}	29,937,783 (16,462,910)
Wool sweaters (sub-ceiling)			
All other wool textiles and apparel (Categories 101-115, 118-126, 128, 131, 132)*	variable ^{a/}	variable ^{a/}	11,274,257

*The "all other" category is not subject to specific limit. Within the aggregate and group limit, the square yard equivalent of shortfalls exported in categories (or combination of categories) with specific limits may be used in these categories at any time in the agreement year, provided the aggregate and group limit is not exceeded.

^{a/}The component categories have different conversion factors. The total square yards equivalent shall be computed by using the applicable conversion factor for the category in which the exported products are classified.

Encl. 2

Letter from American Consul General to Hong Kong Director of Commerce and Industry.

Dear Mr. Jordan:

In view of the Agreement on textiles concluded today between our two Governments, I have the honour to confirm certain additional understandings as follows:

1. With respect to Category 211 (knit fabrics), conditions in the trade and production of such fabrics have been marked by a number of factors which suggest that further developments in such trade and production should be monitored very closely by both Governments. Accordingly, it is understood that the Governments will consult frequently with respect to this trade and particularly in the event of any unusual developments in the export pattern from Hong Kong or in the domestic market situation in the United States, either Government will notify the other immediately of such developments and should consultations be requested by either side; the two Governments will make every effort to meet very promptly to consider the situation in light of the provisions of this Agreement. These consultations will include a determination of the square yards of Category 211 fabrics to be charged against agreed levels in each agreement year.
2. With respect to exports of corduroy and/or corduroy apparel, recognizing that the overall limitation on corduroy apparel as such contained in previous bilateral Agreements has been deleted from this Agreement and that exports of such products can have a significant impact on corduroy fabric production in the United States, the two Governments will maintain a close surveillance of the development of trade and production of these items and in the event of a request by the United States for consultations, the Hong Kong Government will make every effort to consult immediately. During such consultations, account will be taken of the fact that exports of corduroy apparel relate directly to the domestic manufacture and consumption of corduroy. The Hong Kong Government shall report under paragraph 14 of the Agreement separately all exports of corduroy apparel and/or corduroy fabric.

I would appreciate your confirmation of these understandings.

Sincerely,