

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/128
23 October 1975

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Agreement between the United States and Malaysia

The TSB has received from the Government of the United States a notification of an agreement between the United States and Malaysia 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.

¹ See COM.TEX/SB/35/Annex B.

United States Note

January 8, 1975

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles done at Geneva on December 23, 1973, hereinafter referred to as the Arrangement. I also refer to recent discussions between Representatives of our two Governments concerning exports of cotton, wool and man-made fiber textiles and textile products from Malaysia to the United States. As a result of those discussions, I wish to propose the following agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between Malaysia and the United States.

1. The term of this agreement shall be from January 1, 1975, through December 31, 1977. During such term, the Government of Malaysia will limit annual exports of cotton, wool, and man-made fiber textiles and textile products from Malaysia to the United States to aggregate, group, and specific limits at the levels specified in the following paragraphs.

2. For the first agreement year, constituting the twelve-month period beginning January 1, 1975, the aggregate limit will be 32,987,470 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 square yards equivalent)
I (Categories 1-38, 64, 200-213 and 241-243)	13,000,000
II (Categories 39-63 and 214-240)	18,987,470
III (Categories 101-132)	1,000,000

4. Within the applicable group limits, the following specific limits will apply for the first agreement year:

<u>Category</u>	<u>Limit</u> (in square yards equivalent)
<u>Group I - Cotton and man-made fiber yarn and fabrics, made-ups and miscellaneous</u>	
9/10 Sheeting	1,400,000
18/19 Print cloth	2,300,000
22/23 Twills and sateen	2,400,000
26 Woven fabrics, n.e.s.	5,500,000
<u>Group II - Apparel</u>	
39 Gloves 400,000 Dpr.	1,410,800
45/46/47 Cotton shirts -	4,200,000
49 Other coats 24,615 Doz.	800,000
50/51 Trousers, slacks & shorts 62,000 Doz.	1,103,414
50 Men's (sub-limit) (38,750) Doz.	(689,633)

51	Women's (sub-limit) (38,750) Doz.	(689,633)
60	Pajamas & other nightwear	40,007 Doz. 2,078,400
229	Coats, not knit	24,597 Doz. 1,014,630
234/235	Shirts	- 2,600,000

5. Within the aggregate limit, the limit for Group I may be exceeded in any agreement year by 15 percent, the limit for Group II may be exceeded by 7 percent, and the limit for Group III may be exceeded by one percent. Within the group limits, as adjusted, the specific limits in Group I may be exceeded by 10 percent in any agreement year, the specific limits in Group II may be exceeded by 7 percent and the specific limits in Group III (in the event that specific limits are established within this group) may be exceeded by 5 percent. The limits referred to in this paragraph are without the adjustments provided for under this paragraph or paragraph 7 of this agreement.

6. (a) For the second and succeeding agreement years, the aggregate limit shall be increased by 7 percent of the aggregate for the preceding year. Within that limit, the limit for Group III shall be increased by one percent annually. Within the aggregate and applicable group limits, all specific limits and consultation levels shall be increased by 7 percent annually except those limits in Group III which shall be increased by one percent annually.

(b) The difference between the amounts resulting from the application of a 7 percent annual growth to the aggregate limit and a one percent annual growth to the limit for Group III shall be divided pro-rata among Groups I and II.

(c) Notwithstanding the provisions of sub-paragraphs (a) and (b) of this paragraph, if exports of cotton, wool and man-made fiber textiles from Malaysia to the United States during the first agreement year are approximately 85 percent or more of the aggregate limit for that year, the aggregate limit for the second agreement year shall be increased by a further quantity of 2,500,000 square yards equivalent. Such further increase will be pro-rated among the groups and categories and will be included in such totals for purposes of calculating the third agreement year levels.

(d) If exports of cotton, wool and man-made fiber textiles from Malaysia to the United States during the second agreement year are approximately 85 percent or more of the applicable aggregate limit for that year, the aggregate limit shall be increased by a further quantity of 3,000,000 square yards equivalent, which increase shall be pro-rated among the groups and categories.

(e) The limits referred to in this paragraph are without adjustments under other provisions of this agreement.

(f) The growth rate of 7 percent per annum, and the potential incremental increases in base levels provided for in sub-paragraphs (c) and (d) of this paragraph, are provided for in conformity with Article 6, paragraphs (1) and (2), respectively, of the Arrangement and in mutual recognition of the propriety of adjusting levels for man-made fiber and wool textiles.

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

(i) Carryover may be utilized as available up to 11 percent of the receiving year's applicable limits;

(ii) Carry forward may be utilized up to 6 percent of the receiving year's applicable limits and charged against the next year's applicable limits;

(iii) The combination of carryover and carry forward may not exceed 11 percent of the receiving year's applicable limits in any agreement year.

Notwithstanding the foregoing, carryover of shortfalls into the first agreement year shall not be more than 5 percent of the applicable limits for the year ending August 31, 1974, as extended to December 31, 1974, provided for in the Agreements between the Governments concerning trade in cotton textiles and in wool and man-made fiber textiles of September 8, 1970, as amended.

(b) For purposes of this Agreement, a shortfall occurs when exports from Malaysia to the United States during an agreement year are below the aggregate limits in this Agreement or the limits in force for the year ending December 31, 1974, as provided in the Agreements referred to sub-paragraph (a) above. In the agreement year following the shortfall, exports from Malaysia may be permitted to exceed the aggregate, group, and specific limits in accordance with the provisions of sub-paragraph (a) and (b) 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; and
- (ii) In the case of shortfalls in the categories (or combination of categories) subject to specific limits, the shortfalls 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.

(c) The limits referred to in sub-paragraphs (a) and (b) of this paragraph are without any adjustment under this paragraph or paragraph 5 above.

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

8. (a) Categories not given specific limits are subject to consultation levels and to the aggregate and applicable group limits. In the event the Government of Malaysia wishes to permit exports to the United States in any category in excess of the applicable consultation level during any agreement year, the Government of Malaysia shall request consultations with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations. Until agreement on a different level of exports is reached, the Government of Malaysia shall limit exports to the United States in the category in question to the consultation level. For the first agreement year, the minimum consultation level for each category not given a specific limit shall be 1,000,000 square yards equivalent in Categories 1-38, 64, 200-213

and 241-243; 700,000 square yards equivalent in Categories 39-63 and 214-240; and 102,010 square yards equivalent in Categories 101-132. Consultation levels above these stated amounts shall be specified in Annex A.

(b) The two Governments shall consult prior to the beginning of the second and third agreement year to review the consultation levels specified in sub-paragraph (a) above, as well as to review other matters pertaining to the agreement's implementation.

9. The Government of Malaysia shall use its best efforts to space exports to the United States within each category evenly throughout the agreement year, taking into consideration normal seasonal factors.

10. The Government of the United States of America shall promptly supply the Government of Malaysia with data on monthly imports of cotton, man-made fiber and wool textiles from Malaysia; and the Government of Malaysia shall promptly supply the Government of the United States of America with data on monthly exports of cotton, man-made fiber and wool textiles from Malaysia to the United States. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government.

11. (a) In implementing this agreement, the system of categories and the rates of conversion into square yards equivalent listed in the Annex B hereto shall apply.

(b) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of those fibers in combination 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 included.

(c) For purposes of this agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of either of these fibers. All other products described in subparagraph (b) of this paragraph 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 the wool equals or exceeds 17 percent by weight of all component fibers.

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

12. The Government of Malaysia and the Government of the United States of America agree to consult on any question arising in the implementation of this agreement. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time to problems which have been the subject of consultations under the agreement or its related document, either Government may, after notification to the other Government, refer such problems to the Textiles Surveillance Body in accordance with Article 11 of the Arrangement.

13. In conformity with Article 12, paragraph (3) of the Arrangement, this agreement shall not apply to exports of handloom fabrics of the Malaysian cottage industry, or handmade Malaysian cottage industry products made of such handloom fabrics, or to traditional Malaysian folklore handicraft textile products, provided that such products are properly certified under arrangements established between the two Governments.

14. 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.

15. If the Government of Malaysia considers that, as a result of limitations specified in this agreement, it is being placed in an inequitable position vis-a-vis a third country, the Government of Malaysia 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.

16. 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 from Malaysia to the United States.

17. The Government of the United States of America may assist the Government of Malaysia in implementing the limitation provisions of this agreement by controlling imports of cotton, wool and man-made fiber textiles covered by the agreement.

18. 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 this proposal is acceptable to the Government of Malaysia, this note and your note of confirmation on behalf of the Government of Malaysia shall constitute an agreement between the Government of Malaysia and the Government of the United States of America.

Accept, Excellency, the assurances of my highest consideration.

Enclosures: Annex A, Annex B

Embassy of the United States of America,

Kuala Lumpur, January 8, 1975.



ANNEX A

For the first agreement year of the new agreement beginning January 1, 1975, the following consultation levels in excess of those stated in paragraph 8 shall apply: .

CONSULTATION LEVEL
(in square yards equivalent)

Category 48	1,000,000
Category 52	1,000,000
Category 55	1,000,000
Category 121	200,000
Category 228	1,000,000

ANNEX B

<u>Category</u>	<u>Description</u>	<u>Unit</u>	<u>Conversion Factor</u>
1.	Cotton yarn, singles, carded, not ornamented, etc.	lb.	4.6
2.	Cotton yarn, plied, carded, not ornamented, etc.	lb.	4.6
3.	Cotton yarn, singles, combed, not ornamented, etc.	lb.	4.6
4.	Cotton yarn, plied, combed, not ornamented, etc.	lb.	4.6
5.	Ginghams, carded yarn	syd.	1.0
6.	Ginghams, combed yarn	syd.	1.0
7.	Velveteens	syd.	1.0
8.	Corduroy	syd.	1.0
9.	Sheeting, carded yarn	syd.	1.0
10.	Sheeting, combed yarn	syd.	1.0
11.	Lawns, carded yarn	syd.	1.0
12.	Lawns, combed yarn	syd.	1.0
13.	Voiles, carded yarn	syd.	1.0
14.	Voiles, combed yarn	syd.	1.0
15.	Poplin and broadcloth, carded yarn	syd.	1.0
16.	Poplin and broadcloth, combed yarn	syd.	1.0
17.	Typewriter ribbon cloth	syd.	1.0
18.	Print cloth, shirting type, 80X80 type, carded yarn	syd.	1.0

19.	Print cloth, shirting other than 80X80 type, carded yarn	syd.	1.0
20.	Shirting, carded yarn	syd.	1.0
21.	Shirting, combed yarn	syd.	1.0
22.	Twill and sateen, carded yarn	syd.	1.0
23.	Twill and sateen, combed yarn	syd.	1.0
24.	Yarn-dyed fabrics, n.e.s., carded yarn	syd.	1.0
25.	Yarn-dyed fabrics, n.e.s., combed yarn	syd.	1.0
26.	Fabrics, n.e.s., carded yarn	syd.	1.0
27.	Fabrics, n.e.s., combed yarn	syd.	1.0
28.	Pillowcases, plain, carded yarn	no.	1.084
29.	Pillowcases, plain, combed yarn	no.	1.084
30.	Dish towels	no.	.348
31.	Towels, other than dish towels	no.	.348
32.	Handkerchiefs	doz.	1.66
33.	Table damasks and manu- factures	lb.	3.17
34.	Sheets, carded yarn	no.	6.2
35.	Sheets, combed yarn	no.	6.2
36.	Bedspreads, including quilts	no.	6.9
37.	Braided and woven elastics	lb.	4.6

38.	Fishing nets	lb.	4.6
39.	Gloves and mittens	doz. pr.	3.527
40.	Hose and half hose	doz. pr.	4.6
41.	Men's and boys' all white T-shirts, knits or crocheted	doz.	7.234
42.	Other T-shirts	doz.	7.234
43.	Knitshirts, other than T-shirts and sweat- shirts (including infants)	doz.	7.234
44.	Sweaters and cardigans	doz.	36.8
45.	Men's and boys' shirts, dress, not knit or crocheted	doz.	22.186
46.	Men's and boys' shirts, sport, not knit or crocheted	doz.	24.457
47.	Men's and boys' shirts, work, not knit or crocheted	doz.	22.186
48.	Raincoats, 3/4 length or over	doz.	50.0
49.	All other coats	doz.	32.5
50.	Men's and boys' trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted	doz.	17.797
51.	Women's, misses' and children's trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted	doz.	17.797
52.	Blouses, whether or not in sets	doz.	14.53

53.	Women's, misses', children's and infants' dresses (including nurses, and other uniform dresses), not knit or crocheted	doz.	45.3
54.	Playsuits, sunsuits, washsuits, creepers, rompers, etc. (except blouses and shorts; blouses and trousers; or blouses, shorts and skirt sets)	doz.	25.0
55.	Dressing gowns, including bathrobes and beachrobes, lounging gowns, dusters and housecoats, not knit or crocheted	doz.	51.0
56.	Men's and boys' undershirts (not T-shirts)	doz.	9.2
57.	Men's and boys' briefs & undershorts	doz.	11.25
58.	Drawers, shorts and briefs (except men's and boys' briefs), knit or crocheted	doz.	5.0
59.	All other underwear, not knit or crocheted	doz.	16.0
60.	Nightwear and pajamas	doz.	51.96
61.	Brassieres and other body supporting garments	doz.	4.75
62.	Other knitted or crocheted clothing	lb.	4.6
63.	Other clothing, not knit or crocheted	lb.	4.6
64.	All other cotton textile items	lb.	4.6

101.	Wool tops and wool advanced	lb.	1.95
102.	Yarns of Angora Rab- bit 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	syd.	1.0
105.	Dilliard cloth	syd.	1.0
106.	Blankets	lb.	1.295
107.	Carriage and auto robes, etc., n.e.s.	lb.	1.295
108.	Tapestries and up- holstery fabrics	syd.	1.0
109.	Pile and tufted fabrics	syd.	1.0
110.	Knit fabrics in the piece	lb.	1.95
111.	Hosiery	dpr.	2.7814
112.	Gloves and mittens	dpr.	2.093
113.	Underwear, knit	lb.	1.95
114.	Other infants' articles, knit, not ornamented	lb.	1.95
115.	Knit hats and similar items	lb.	1.95
116.	Knit wearing apparel, n.e.s., valued not over \$5 per pound	lb.	1.95
117.	Knit wearing apparel, n.e.s., valued over \$5 per pound	lb.	1.95

118.	Hats, caps, not blocked	lb.	1.95
119.	Hats, caps, blocked, finished	lb.	1.95
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', and 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 manufactures of wool	lb.	1.95
131.	Braided floor coverings	sft.	0.11
132.	Wool floor coverings, n.e.s.	sft.	0.11
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, cellu- losic, wholly of con- tinuous man-made fiber	syd.	1.0
207.	Woven fabrics, cellu- losic, wholly made of noncontinuous fibers	syd.	1.0
208.	Woven fabrics, other, wholly of continuous man-made fiber	syd.	1.0
209.	Woven fabrics, other, wholly of noncon- tinuous fibers	syd.	1.0
210.	Woven fabrics, other, of man-made fibers	syd.	1.0
211.	Knit fabrics	lb.	7.8
212.	Pile and tufted fabrics	syd.	1.0
213.	Specialty fabrics	lb.	7.8
214.	Gloves and mittens, knit, whether or not ornamented	dpr.	3.53
215.	Hosiery	dpr.	4.6
216.	Dresses, knit	doz.	45.3
217.	Pajamas and other nightwear, knit	doz.	51.96
218.	T-shirts, knit	doz.	7.24
219.	Shirts, other (in- cluding blouses), knit	doz.	18.36
220.	Skirts, knit	doz.	17.8
221.	Sweaters and cardi- gans, 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	lb.	7.8
225.	Body-supporting gar- ments	doz.	4.75
226.	Handkerchiefs	doz.	1.66
227.	Mufflers, scarves and shawls, not knit	lb.	7.8
228.	Blouses, not knit	doz.	14.53
229.	Coats, not knit	doz.	41.25
230.	Dresses, not knit	doz.	45.3
231.	Dressing gowns, in- cluding bathrobes and beachrobes, not knit	doz.	51.0
232.	Pajamas and other nightwear, not knit	doz.	51.96
233.	Playsuits, sunsuits, washesuits, 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	sft.	0.11
242.	Other furnishings	lb.	7.8
243.	Manufactures, n.e.s. of man-made fiber	lb.	7.8

MALAYSIA NOTE

16th May, 1975

Excellency,

I have the honour to acknowledge receipt of your Note No: 4 dated January 8, 1975 concerning the proposed agreement relating to trade in cotton, wool and man-made fiber textiles and textile products between Malaysia and the United States of America, a photostat copy of which is annexed as Appendix "A".

I have further the honour to inform you that the Government of Malaysia is agreeable to the contents of the above mentioned Note and will regard that Note as constituting an Agreement between the Governments of Malaysia and the United States of America.

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

/S/ (Datuk Ahmad Zainal Abidin bin Mohd. Yusof)
Deputy Secretary-General (Economics).

His Excellency Mr. Francis T. Underhill, Jr.,
Ambassador Extraordinary and Plenipotentiary of the
United States of America,
Kuala Lumpur.

encl.

Appendix A

(same as United States Note)

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