

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/153
26 March 1976

Special Distribution

Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Agreement between the United States and Thailand

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

Letter No. 1

UNITED STATES NOTE

NO TARIFFS ON

TARIFFS ON TRADE

29 December 1975

Excellency:

I have the honour to refer to the Arrangement Regarding International Trade in Textiles done at Geneva on 20 December 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 fibre textiles and textile products from Thailand to the United States of America. As a result of these discussions and in conformity with Articles 2, 4 and 6 of the Arrangement, I wish to propose the following agreement relating to trade in cotton, wool and man-made fibre textiles and textile products between Thailand and the United States of America, to replace and supersede, effective 1 January 1976, the Cotton Textile Agreement of 16 March 1972, as amended on 21 April 1975 and on 29 December 1975.

1. The term of this agreement shall be from 1 January 1976, through 31 December 1978. During such term, the Royal Thai Government shall limit annual exports of cotton, wool and man-made fibre textiles from Thailand to the United States of America to the aggregate, group and specific limits at the levels specified in, and in accordance with, the following paragraphs.
2. (a) For the three-year term of the agreement, the aggregate limit shall be 216,000,000 square yards equivalent.
- (b) During the first agreement year, constituting the twelve-month period from 1 January through 31 December 1976, the aggregate limit shall be 72,000,000 square yards equivalent.
- (c) The division of the remaining 144,000,000 square yards equivalent between the second and third agreement years shall be mutually determined by representatives of the two Governments prior to 15 October 1976.
3. (a) Within the aggregate limit for the first agreement year, the following group limits shall apply:

	<u>Square yards equivalent</u>
<u>Group I</u> - Non-apparel (Categories 1-38, 64, 101-110, 126-132, 200-213 and 241-243)	14,000,000
<u>Group II</u> - Apparel (Categories 39-63, 111-125 and 214-240)	58,000,000

- (b) In the second and third agreement years the limits for Groups I and II shall have the same proportional relationship to the aggregate as in the first agreement year.

4. Within the limit for Group II, the following specific limits shall apply for the first agreement year:

Category	Unit	Specific limit	
		In units	In square yards equivalent
45/46/47	SYE	1,500,000	1,500,000
219	Doz.	871,460	16,000,000
221	Doz.	46,196	1,700,000
222	Doz.	280,899	5,000,000
224	lb.	423,077	3,300,000
229	Doz.	180,606	7,450,000

5. Within the annual aggregate limit, the limit for Group I may be exceeded in any agreement year by 15 per cent and the limit for Group II may be exceeded by 7 per cent. Within the applicable group limits as they may be adjusted under this provision, specific limits for categories in Group I (if established) may be exceeded by 10 per cent and specific limits for categories in Group II may be exceeded by 7 per cent.

6. Categories not given specific limits are subject to consultation levels and to the aggregate and applicable group limits. In the event the Royal Thai Government wishes to permit exports to the United States 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 on this question.

The Government of the United States will consider each request sympathetically and will deny such requests only when there are problems 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.

Except as otherwise designated in Annex A, the consultation level for each apparel category shall be 700,000 square yards equivalent for cotton and man-made fibre apparel, for each non-apparel category other than wool categories, the consultation level shall be 1,000,000 square yards equivalent and for all wool categories, the consultation level shall be 100,000 square yards equivalent per category.

7. In the second and third agreement years the specific limits for all categories, except categories 219 and 229, shall be increased by 7 per cent over the applicable limits for the preceding year. For categories 219 and 229, the first year limits shall remain in effect at the same level for the second and third agreement year.
8. (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 applicable limit for the previous agreement year (carry-over) or a portion of the applicable limit for the succeeding agreement year (carry forward).
- (i) Carry-over may be utilized as available up to 11 per cent of the receiving year's applicable limits, but for the first agreement year only shall be limited to 5 per cent;
 - (ii) Carry forward may be utilized up to 6 per cent of the receiving year's applicable limits and charged against the next year's applicable limits;
 - (iii) The combination of carry-over and carry forward may not exceed 11 per cent of the receiving year's applicable limits of any agreement year.
- (b) For the purpose of this Agreement, a shortfall occurs when exports from Thailand to the United States during an agreement year are below the aggregate limits in this Agreement. In the agreement year following the shortfall, exports from Thailand may be permitted to exceed the aggregate, group, and specific limits in accordance with the provisions of sub-paragraphs (a) and (b) of this paragraph by carry-over of shortfalls in the following manner:
- (i) The carry-over 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 carry-over 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 adjustments under this paragraph or paragraph 5 above.

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

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

10. 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 Royal Thai Government with data on monthly imports of cotton, wool and man-made fibre textile from Thailand. The Royal Thai Government shall promptly supply the Government of the United States of America with data on monthly exports of such textiles to the United States. Each Government agrees to supply promptly any other available relevant 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 and man-made fibres, or blends thereof, in which any or all of these fibres in combination represent either the chief value of the fibres or 50 per cent or more by weight (or 17 per cent or more by weight of wool) of the product, are subject to this Agreement.

(c) For purposes of this Agreement, textile products shall be classified as cotton, wool or man-made fibre textiles if wholly or in chief value of either of these fibres. All other products described in sub-paragraph (b) of this paragraph shall be classified as:

(i) Cotton textiles if containing 50 per cent or more by weight of cotton, or if the cotton component exceeds by weight the wool and/or the man-made fibre component.

(ii) Wool textiles if not cotton, and the wool equals or exceeds 17 per cent by weight of all component fibres.

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

12. In conformity with Article 12, paragraph (3), of the Arrangement, and subject to the establishment of a mutually agreed upon list and certification system, Thai exports to the United States of America of handloom fabrics of the cottage industry, or hand-made cottage industry products of such handloom fabrics, or traditional folklore handicraft textile products shall not be subject to the provisions of this agreement.

13. Subject to a mutually satisfactory certification system, commercial shipments of textiles and apparel from Thailand to the United States valued at less than \$250 shall not be charged to the limits of this agreement.

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 and operation.

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 thirty days of the request.

16. 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-à-vis a third country, the Royal Thai Government may request consultations with the Government of the United States of America with the view to taking appropriate remedial action such as a reasonable modification of this agreement.

17. 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 any textiles or apparel products covered by this agreement from Thailand to the United States.

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 ninety 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 Royal Thai Government, this note and your note of confirmation on behalf of the Royal Thai Government shall constitute an agreement between the Government of the United States of America and the Royal Thai Government.

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

(signed) Edward E. Masters
Chargé d'Affaires

His Excellency,
Major General Chatichai Choonhavan
Minister for Foreign Affairs

Letter No. 2

THAILAND NOTE

29 December 1975

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note of 29 December 1975, concerning exports of cotton, wool and man-made fibre textiles and textile products from Thailand to the United States of America which reads as follows:

(see United States Note)

In reply, I have the honour to inform Your Excellency that the Government of the Kingdom of Thailand accepts the proposal set forth in the Note quoted above 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.

(signed) Chatichai Choonhavan
(Minister for Foreign Affairs)

His Excellency,
Charles Whitehouse,
Ambassador Extraordinary and Plenipotentiary of
the United States of America,
BANGKOK.

ANNEX A

DESIGNATED ANNUAL CONSULTATION LEVELS
PURSUANT TO PARAGRAPH 6 OF THE AGREEMENT

<u>Category</u>	<u>Level</u>
9/10	2,500,000 square yards
18/19	2,500,000 square yards
22/23	2,000,000 square yards
26 (Duck)	1,500,000 square yards
26/27 (except Duck)	2,500,000 square yards
60	2,500,000 SYE
232	2,500,000 SYE
234	1,500,000 SYE
243	2,000,000 SYE

Note: SYE is an abbreviation for square yards equivalent.

Letter No. 3

UNITED STATES NOTE

29 December 1975

Excellency:

I have the honour to refer to the Cotton Textile Agreement between our two Governments effected by an exchange of Notes dated 16 March 1972, as amended on 21 April 1975, and to recent discussions between representatives of our two Governments concerning a new agreement between our two Governments on exports of cotton, wool and man-made fibre textiles from Thailand to the United States. As a result of these discussions, I propose the following:

1. Upon entry into force of the new agreement, the Cotton Textile Agreement of 16 March 1972, as amended, shall terminate.
2. In the event that the final agreement year of the Cotton Textile Agreement of 16 March 1972, as amended, terminates before twelve months have been completed, the levels and limits specified therein shall be calculated on a pro rata basis.

If the foregoing proposal is acceptable to your Government, this note and Your Excellency's note of acceptance on behalf of the Royal Thai Government shall constitute an amendment of the Cotton Textile Agreement effected by exchange of Notes dated 16 March 1972, as amended on 21 April 1975.

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

(signed) Edward E. Masters
Chargé d'Affaires

His Excellency,
Major General Chatichai Choonhavan
Minister for Foreign Affairs

Letter No. 4

THAILAND NOTE

29 December 1975

Excellency,

With reference to Your Excellency's Note of 29 December 1975, concerning the termination of the Cotton Textile Agreement effected by an exchange of Notes dated 16 March 1972, as amended on 21 April 1975, which reads as follows:

(see United States Note)

I have the honour, in reply, to inform Your Excellency that the Royal Thai Government accepts the proposal set forth in Your Excellency's Note under reference and that Your Excellency's Note and this Note constitute an amendment of the Cotton Textile Agreement effected by an exchange of Notes dated 16 March 1972, as amended on 21 April 1975.

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

(signed) Chatichai Choonhavan
(Minister for Foreign Affairs)

His Excellency,
Charles Whitehouse
Ambassador Extraordinary and Plenipotentiary of
the United States of America,
BANGKOK.