

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/321
10 May 1978

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Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the United States and Hong Kong

The Textiles Surveillance Body has received a notification from the United States of a new cotton, wool and man-made fibre agreement¹ concluded between the United States and Hong Kong. The new agreement, which has been notified by the United States under Article 4, paragraph 4, of the Arrangement, covers the period 1 January 1978 through to 31 December 1982.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4², has examined the relevant documentation and is circulating the text of the notification to participating countries for their notification.

¹For original agreement see COM.TEX/SB/48 and 236.

²See COM.TEX/SB/35, Annex B.

11 August 1977

UNITED STATES AND HONG KONG
SIGN TEXTILE AGREEMENT

The United States and Hong Kong exchanged notes on August 8, 1977, to effect a new bilateral agreement on trade in cotton, wool and man-made fiber textiles between the two countries. Texts of the notes follow:

UNITED STATES NOTE

Excellency:

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

I also refer to discussions between representatives of the Government of Hong Kong and the Government of the United States of America in Washington from May 2 to May 5, 1977, and in Lyon and Geneva from June 1 to June 23, 1977, concerning exports of cotton, wool and man-made fiber 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 the Government of the United States of America, under article 4 of, and in conformity with, the Arrangement, the following agreement relating to trade in cotton, wool and man-made

fiber textiles and textile products between Hong Kong and the United States.

1. The term of the Agreement shall be from January 1, 1978 through December 31, 1982, except as provided in paragraph 23.

2. An "agreement year" shall be a calendar year, with the first agreement year commencing on January 1, 1978 and ending on December 31, 1978.

3. Textiles and textile products covered by the Agreement shall be classified in four groups, as follows:

Group	Definition
I	Yarn and Fabric of cotton and/or man-made fiber (Categories 300, 301, 310-320, 600-605, 610-614, and 625-627).
II	Apparel of cotton and/or man-made fiber (Categories 330-342, 345, 347-352, 359, 630-652, and 659).
III	Other made-up and miscellaneous products of cotton and/or man-made fiber, not included in groups I or II (Categories 360-363, 369, 665, 666, and 669).
IV	Wool textiles and textile products (Categories 400, 410, 411, 425, 429, 431-436, 438, 440, 442-448, 459, 464, 465, 469).

The determination of whether a textile or textile product is of cotton, wool, or man-made fiber shall

be made in accordance with the terms of paragraph 10. The categories referred to in the above definitions of groups are those summarized in Annex B.

4. During the term of the Agreement, the Government of Hong Kong shall limit annual exports from Hong Kong of cotton, wool, and man-made fiber textiles and textile products of Hong Kong origin to the United States of America, to the Aggregate, Group, Specified Limits and Sub-Limits set forth in Annex A hereto, as such limits may be adjusted in accordance with paragraphs 5, 6 and 7. The limits set out in Annex A are without such adjustments. All textiles and textile products in categories not subject to specified limits may be exported from Hong Kong to the United States only in accordance with paragraph 9. Shipments valued at U.S. 250 dollars or less which are exported from Hong Kong to the United States shall not be subject to the limits in Annex A or the procedures of paragraph 9.

5. During any agreement year, and within the applicable Aggregate Limit for such agreement year, in addition to any adjustments pursuant to paragraph 7, the Group Limits applicable to such agreement year may be exceeded by not more than 15 percent in the case of Groups I and III, by not more than 7 percent in the case of Group II, and by not more than 3 percent in the case of Group IV.

6. During any agreement year, and within the applicable Aggregate and Group Limit for such agreement

year, as they may be adjusted pursuant to paragraphs 5 and 7, any Specified Limits or Sub-Limits established in Annex A or pursuant to an amendment to Annex A of this agreement, may be exceeded by not more than:

- 10% if included within Group I or Group III
- 7% if included within Group II,
- 5% if included within Group IV,

provided however, that the Specified Limits for cotton gloves (Cat. 331), women's, girls' and infants' cotton coats (Cat. 335), cotton shirts and blouses, knit (merged Cat. 338/339), cotton shirts, not knit (Cat. 340), cotton blouses, not knit (Cat. 341), cotton skirts (Cat. 342), cotton nightwear (Cat. 351), women's, girls' and infants' man-made fiber coats (Cat. 635), man-made fiber blouses (Cat. 639), man-made fiber sweaters (merged Cat. 645/646) or women's, girls' and infants' man-made fiber trousers (Cat. 648) may not be exceeded by more than 6%, and provided, further, that the specified limits for the merged categories of cotton coats (Cat. 333/334/335), cotton trousers (Cat. 347/348), man-made fiber coats (Cat. 633/634/635) and man-made fiber shirts and blouses, knit (Cat. 638/639) may not be exceeded by more than the percentages set out in Annex C. Adjustments made pursuant to this paragraph are in addition to those pursuant to paragraph 7.

7. (A) In any agreement year, in addition to any adjustments pursuant to paragraphs 5 and 6, exports may exceed by a maximum of 11 percent (7.15 percent during the first agreement year) the aggregate limit and any Group or Specified Limit or Sub-Limit by allocating to the limits for that agreement year an unused portion of the the corresponding limit in Annex A for the previous agreement year (carryover) or a portion of the corresponding limit in Annex A for the succeeding agreement year (carry forward) 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) Save in the first agreement year, to which carryover does not apply, the combination of carryover and carry forward may not exceed 11 percent of the receiving agreement year's applicable limits in any agreement year;

(III) Carry forward may be utilized up to 7.15 percent of the receiving agreement year's applicable limits and charged against the immediately following agreement year's corresponding limits;

(IV) Carryover of shortfall shall not be applied to any

Specified Limits or Sub-Limits until the Governments of Hong Kong and the United States have completed consultations upon the amounts involved. If substantial statistical differences exist between the import and export data upon which shortfall for a given agreement year is computed, the parties shall consult as soon as possible and in any case within the first six months of the succeeding agreement year.

(B) For purposes of this Agreement, a shortfall occurs when exports of textiles and textile products of Hong Kong origin to the United States during an agreement year are below the Aggregate Limit and any applicable Group, Specified Limits or Sub-Limits in Annex A.

In the agreement year following the shortfall, such exports from Hong Kong to the United States may be permitted to exceed the Aggregate, Group, Specified Limits and/or Sub-Limits subject to conditions of subparagraph (A) 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, Specified Limit or Sub-Limit;

(II) In the case of shortfall in a Category or Sub-Category (or a combination of Categories) subject to a specified Limit or Sub-Limit, the shortfall shall be used in the same Category or Sub-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 Specified Limits, the carryover shall be used in the same Group in which the shortfall occurred, shall not be used to exceed any applicable Specified Limit or Sub-Limit except in accordance with paragraph 6, and shall not affect any consultation arrangements made pursuant to paragraph 8.

(C) The limits referred to in subparagraph (A) and (B) of this paragraph are without any adjustment under this paragraph or paragraphs 5 and 6 above.

(D) The total adjustment under this paragraph shall be in addition to the adjustment to the limits permitted by paragraphs 5 and 6.

8. (A) During any agreement year the Government of Hong Kong may wish to exceed a Specified Limit applicable to twills and sateen (Cat. 317), Cotton dresses (Cat. 336), cotton playsuits (Cat. 337), cotton dressing gowns (cat. 350), men's and boy's man-made fiber knit tops (Cat. 638), and man-made fiber blouses (Cat. 641) as such limit may be adjusted in accordance with the terms of paragraph 6 and 7.

(B) If the Government of Hong Kong so wishes, it shall also be able to request a higher level, and the Government of the United States of America shall consider the request sympathetically and shall respond promptly. If the Government of the United States of America is unable to

comply fully, the Government of the United States of America shall so inform the Government of Hong Kong and shall supply data which form the basis of the position taken by the Government of the United States of America.

(C) If requested by the Government of Hong Kong, the Government of the United States of America shall consult promptly with the Government of Hong Kong. Until a mutually satisfactory change in the Specified Limit applicable to the Category in question is established, shipments of products classified in such Category shall not exceed the existing Specified Limit, as it may be adjusted in accordance with the terms of paragraphs 6 and 7.

9. 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 subject to a Specified Limit:

(A) The Government of Hong Kong shall provide reports on export authorizations (EA's) issued for exports to the United States of such Categories as frequently and in such detail as may be requested.

(B) The Government of the United States may request consultations with a view to agreement on an appropriate level of restraint for any Category not given a

Specified 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 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. The 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, Hong Kong, as requested by the Government of the United States, shall cease or otherwise limit further issuance of EA's and shall not further issue EA's in the absence of specific agreement by the Government of the United States, pending the conclusion of consultations. EA's issued prior to receipt of the request for consultations may be honored by the issuance of export licenses by the Government of Hong Kong. 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 their commencement.

(F) 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 Hong Kong to limit exports of the product in question for the agreement year in which the request for consultations takes place to a level not less than the level of EA's issued, and the Government of Hong Kong agrees that it will honor such request, but without prejudice to its rights under paragraph 24 below.

(F) In the implementation of this provision, the Government of Hong Kong shall advise the Government of the United States immediately upon receipt of any application for EA's in exceptionally large amounts or of any unusual concentration of applications for EA's in a particular Category.

(G) The two Governments shall consult with regard to problems that may arise if this paragraph is invoked near 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.

10. (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, 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 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 product covered by subparagraph (A) above but not in chief value of cotton or wool or man-made fiber shall be classified as:

(I) Cotton textiles if containing 50% 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% by weight of all component fibers; and

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

11. (A) The system of categories and the rates of conversion into square yards equivalent listed in Annex B hereto shall apply in implementing this agreement, except as provided in this paragraph and paragraph 13.

(B) For purposes of this agreement and with reference to the particular circumstances of Hong Kong's trade patterns with the United States, the Categories below are merged as indicated and treated as single Categories, with limits for Categories and Subcategories as set out in annex A and subject to the provisions of paragraphs 12 and 13.

Categories Merged	Designation in Agreement
1) 333, 334 and 335	333/334/335
2) 338 and 339	338/339
3) 347 and 348	347/348
4) 445 and 446	445/446
5) 633, 634 and 635	633/634/635
6) 638 and 639	638/639
7) 643 and 644	643/644
8) 645 and 646	645/646

For purposes of computing charges to aggregate, group, specified limits and sub-limits for the merged categories cited above, the conversion factors for individual categories set out in Annex B shall be applied, except that for Categories 333 and 334 the conversion factor shall be 39.5 square yards equivalent per dozen, for Categories 633 and 634 the conversion factor shall be 40.6 square yards equivalent per dozen, and for Categories 638 and 639 the conversion factor shall be 15.5 square yards equivalent per dozen.

(C) The Government of the United States reserves the right to consult with the Government of Hong Kong, under the provisions of paragraph 25, should the trade patterns referred to above change significantly.

12. For the purpose of calculating permissible adjustments in the first agreement year under paragraphs 6 and 7 and of establishing limits for subsequent agreement years, the specified limit for man-made fiber sweaters (merged category 645/646) for the first agreement year shall be deemed to be 1,202,858 dozens. For all other purposes under this agreement, the specified limit for man-made fiber sweaters (Category 645/646) for the first agreement year shall be as set forth in Annex A.

13. (A) The following merged categories, previously cited in paragraph 11, have been established in consideration of the unique situation in Hong Kong concerning the avoidance of disruption of trade patterns.

Products (Categories)

Suit type coats, cotton, M and B(333)
Other coats, cotton, M and B(334)
Coats, cotton, W, G and I(335)
Suit type coats, man-made fiber, M and B(633)
Other coats, man-made fiber, M and B(634)
Coats, man-made fiber, W, G and I(635)
Suits, man made fiber, M and B(643)
Suits, man-made fiber, W, G and I(644)

--are grouped in three merged categories as follows:

333/334/335

633/634/635

643/644

and subject to the conditions and provisions indicated in the sub-paragraphs below.

(B) Each of the merged categories is divided into sub-categories as follows:

Men's and Boy's	Women's, Girls' and Infants'
Sub-Categories	Sub-Categories
333/334	335
633/634	635
643	644

(C) Within the Specified Limits set out in Annex A applicable to merged Category 333/334/335, merged Category 633/634/635, and merged Category 643/644, the Government of Hong Kong shall limit exports of products in sub-Category 333/334, Sub-Category 335, Sub-Category 633/634, Sub-Category 635 and in Sub-Category 643 and Sub-Category 644 to the applicable Sub-Limits set out in Annex A. The Sub-Limits set out in Annex A applicable to each Sub-Category include permissible excess amounts equal to 15 percent above the base level for Sub-Categories:

333/334

335

633/634

635,

and 10 percent above the base level for sub-categories

643

644

Should, within each merged category, an excess amount up to the permissible excess amount be applied to one Sub-Category, an equivalent deduction shall be made from the base level of the other Sub-Category within the Category.

(D) With respect to this paragraph, either Government may request that the two Governments consult to seek a mutually satisfactory solution to overcome any problem that may arise, such as any significant change in trade

patterns within Sub-Categories. The concepts and procedures applicable to this consultation shall for either Government as appropriate be similar to those in subparagraphs 8(B) and 8 (C) of this agreement.

(E) In the course of the consultation referred to above, both Governments shall sympathetically consider any proposals concerning the mergers set forth for subsequent agreement years.

(F) The Government of Hong Kong shall establish and maintain a system of tabulation accounting of licences issued for the products (Categories) in these mergers by construction (knit and woven), and shall report monthly to the Government of the United States on such licences.

14. For the first agreement year, each Government shall maintain statistical records on imports or exports, as appropriate, of cotton suits, the component parts of which have been charged to two or more of the following Categories: 333, 334, 335, 342, 347 and 348. The Government of the United States shall inform the Government of Hong Kong prior to the end of the first agreement year whether it wishes to consult with the Government of Hong Kong with a view to creating separate Specified Limits for cotton suits. If the Government of the United States so requests such consultations, the Government of Hong Kong shall promptly consult with the Government of the United States.

15. Until such time as the parties reach agreement on Specified Limits on either, or both, men's and boys' wool suits, not knit (Category 443) and man-made fiber shirts, not knit (Category 640), such products (Categories) shall be subject to the provisions of paragraph 9.
16. The Government of the United States notes that man-made fiber shirts, knit (Category 638) and man-made fiber shirts, not knit (Category 640) are of particular sensitivity to its international textile trade.
17. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in point of procedure or operation.
18. The two Governments recognize that the successful implementation of this Agreement depends in large part on alignment of the classification practices of both Governments. Officials of the two Governments shall monitor classification procedures and shall consult on actual or potential classification differences.
19. A visa system, in the form attached as Annex D, shall be instituted by the two Governments effective January 1, 1978 to facilitate implementation of this agreement.
20. (A) The two Governments recognize that the successful implementation of this Agreement depends in large part upon mutual cooperation 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 fiber 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 specified limits and data on monthly exports of cotton, man-made fiber 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.

21. The Government of Hong Kong shall use its best efforts to space exports from Hong Kong to the United States within each Category or Sub-Category (or combination of Categories) evenly throughout each agreement year, taking into consideration normal seasonal factors.

22. 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-a-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 Government of the United States shall consult with the Government of Hong Kong in the event of such a request.

23. 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.

24. Each Government reserves its rights under the Arrangement with respect to textiles and textile products not subject to this Agreement. For textiles and textile products covered by this Agreement, it is agreed that either of the parties may have recourse to any and all of the provisions of the Arrangement, save that the Government of the United States waives its rights under Article 3 of the Arrangement with respect to products covered by this Agreement as long as this Agreement remains in effect.

25. The Government of Hong Kong and the Government of the United States agree to consult, at the request of either Government, on any question arising in the implementation of this Agreement.

26. The two Governments agree to undertake a major review of this Agreement no later than the end of the third agreement year.

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 shall constitute

an agreement between the Governments of the United
States and Hong Kong

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

ANNEX A

	1ST YEAR UNITS	2ND YEAR UNITS	3RD YEAR UNITS	4TH YEAR UNITS	5TH YEAR UNITS
Aggregate	957,694,629	1,015,156,307	1,076,065,685	1,140,629,626	1,209,067,404
Group I - Yarn and fabric of cotton and/or man-made fiber (300, 301, 310-320, 600-605, 610-614, and 625-627)	261,778,905	278,088,163	295,382,002	313,719,557	333,163,512
Sheeting (313)	110,818,121	119,309,279	126,357,312	133,828,226	141,747,396
Twills and Sateens (317)	42,796,960	47,178,122	49,898,285	52,781,659	55,838,036
Duck (319)	61,402,367	61,402,367	61,402,367	61,402,367	61,402,367
Group II - Apparel of cotton and/or man-made fiber (330-342, 345, 347-352, 359, 630-652, and 659)	594,659,021	631,707,260	670,992,080	712,647,813	756,816,853
Cotton					
Gloves (331)	3,120,000	3,213,600	3,310,008	3,409,308	3,511,567
Coats (333/334/335)	394,933	411,955	429,797	448,504	468,121
--M and B (333/334)	198,319	210,218	222,831	236,201	250,373

--W, G and I (335)	DOZ	255,831	263,531	271,43	279,579	287,966
Dresses, inc. uniforms (336)	DOZ	171,593	181,889	192,802	204,370	216,632
Playsuits (337)	DOZ	684,750	725,835	769,835	815,584	864,481
Knit shirts and blouses (338/339)	DOZ	2,291,987	2,360,747	2,431,569	2,504,516	2,579,651
Shirts, not knit (340)	DOZ	2,194,820	2,260,665	2,328,485	2,398,339	2,470,289
Blouses, not knit (341)	DOZ	2,223,111	2,289,804	2,358,498	2,429,253	2,502,131
Skirts (342)	DOZ	233,476	240,480	247,695	255,126	262,779
Sweaters (345)	DOZ	168,742	178,867	189,599	200,974	213,033
Trousers, slacks, shorts (outer) (347/348)	DOZ	5,075,799	5,284,928	5,503,741	5,732,735	5,972,431
--M and B (347)	DOZ	2,368,930	2,511,066	2,661,730	2,821,434	2,990,720
--W, G and I (348)	DOZ	3,975,819	4,095,094	4,217,946	4,344,485	4,474,819
Dressing Gowns (350)	DOZ	86,171	91,341	96,822	102,631	108,789
Pajamas and other nightwear (351)	DOZ	1,013,256	1,043,654	1,074,963	1,107,212	1,140,428
Man-made fiber						
Coats (633/634/ 635)	DOZ	934,043	970,500	1,008,745	1,048,587	1,090,199
--M and B (633/634	DOZ	326,820	346,428	367,215	389,247	412,603

-- W, G and I (635)	DOZ	747,330	769,750	792,842	816,628	841,126
Knit shirts and blouses (638/639)	DOZ	3,763,989	3,892,210	4,025,194	4,163,142	4,306,260
Blouses, not knit (641)	DOZ	604,000	640,240	678,654	719,374	762,536
Suits (643/644)	NOS	4,622,839	4,900,209	5,194,222	5,505,875	5,836,228
-- M and B (643)	NOS	803,482	851,690	902,792	956,959	1,014,377
-- W, G and I (644)	NOS	4,281,641	4,538,540	4,810,852	5,099,503	5,405,473
Sweaters (645/646)	DOZ	1,130,687	-	Subject to consultations	-	-
Trousers, slacks and shorts (outer), W, G and I (648)	DOZ	1,054,376	1,086,007	1,118,587	1,152,145	1,186,709
Brassieres (649)	DOZ	1,023,419	1,084,824	1,149,914	1,218,908	1,292,043
Group III - Other made-up and misc. products of cotton and/or man-made fiber, not inc. in Groups I or II (360-363, 369, 665, 666, and 669)	SYE	59,111,200	62,793,926	66,698,975	70,839,702	75,230,260
Group IV - Wool textiles and textile products (400, 410, 411, 425, 429, 431-436, 438, 440, 442-448, 459, 464, 465, 469)	SYE	42,145,503	42,566,958	42,992,628	43,422,554	43,856,779
Sweaters (445/446)	DOZ	1,131,437	1,142,751	1,154,179	1,165,721	1,177,378

ANNEX B

Cat.	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. non-cellulosic	11.6	Lb.
603	Spun cellulosic	3.4	Lb.
604	Spun non-cellulosic	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
	-- 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. noncell., 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	File 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, rompers, etc.	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.
343	Suits, M and B	4.5	No.
344	Suits, W, G and I	4.5	No.
345	Sweaters	36.8	Dz.
347	Trousers, slacks, and shorts (outer) M and B	17.8	Dz.
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.
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 E	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	1.1	No.
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	Ob.

-- 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.

ANNEX C

Adjusted Swing Margins for the Merged Categories:
333/334/335; 347/348; 633/634/635 and 638/639

333/334/335 Cotton Coats

Year 1 1978	Year 2 1979	Year 3 1980	Year 4 1981	Year 5 1982
6.436788	6.443681	6.450952	6.457913	6.465009

347/348 Cotton Trousers, Slacks and Shorts (Outer)

Year 1 1978	Year 2 1979	Year 3 1980	Year 4 1981	Year 5 1982
6.373361	6.380125	6.386892	6.39372	6.400593

633/634/635 MMF Coats

Year 1 1978	Year 2 1979	Year 3 1980	Year 4 1981	Year 5 1982
6.304207	6.310389	6.316562	6.322794	6.32912

638/639 MMF Knit Shirts and Blouses

Year 1 1978	Year 2 1979	Year 3 1980	Year 4 1981	Year 5 1982
6.135512	6.138903	6.142362	6.145911	6.149536

ANNEX D

Draft Hong Kong Visa System

Dear (Hong Kong Official):

I am writing with reference to paragraph 20 of the bilateral cotton, wool and man-made fiber textile agreement between the Government of Hong Kong and the United States of America, effected by exchange of notes on (date).

I wish to propose on behalf of my Government that the following visa mechanism be established as an administrative arrangement:

1. Each shipment of textile apparel products under the terms of the said bilateral agreement produced or manufactured in Hong Kong and exported to the United States of America, shall be accompanied by an export visa issued by the Government of Hong Kong. The export visa shall be a signed copy of a Hong Kong export license with a stamp on the front, reading "approved for export to the USA," signed by an authorized official of the Government of Hong Kong. The category or categories and quantities in the shipment shall be correctly indicated on the visa. Where a shipment is valued under 250 dollars (U.S. dollars), the visa shall also indicate "under 250 dollars".
2. The names and facsimile signatures of the officials authorized to issue and sign textile export visas shall be supplied by the Government of Hong Kong. The

Government of Hong Kong shall notify the Government of the United States of America of any changes of authorized officials and shall provide facsimiles of newly authorized officials' signatures. A minimum number of officials shall be authorized to issue visas.

3. The Government of the United States of America shall publish in the FEDERAL REGISTER the visa system as described herein, upon receipt of a copy of the authorized visa stamp.

4. Textile apparel products produced or manufactured in Hong Kong included under the terms of the said bilateral agreement and exported to the United States of America after December 31, 1977, which are not accompanied by a valid and correct visa in accordance with this letter shall be denied entry by the Government of the United States of America from the effective date of this requirement. However, where the quantity indicated on the visa is above that of the shipment, entry may be permitted.

5. The new visa will be required for textile apparel products exported after December 31, 1977. Textile apparel products visaed in accordance with previously established procedures and which have been exported to the United States prior to January 1, 1978, shall be denied entry by the United States effective June 1, 1978.

6. The Governments of the United States of America and Hong Kong shall take all appropriate steps to insure compliance with this visa arrangement and the said bilateral agreement.

If the foregoing proposal is acceptable to your Government, this letter and your letter of acceptance on behalf of the Government of Hong Kong shall constitute an administrative arrangement between our two Governments.

Sincerely,
HONG KONG NOTE

August 8, 1977

Sir:

I refer to your Note No. 7 of today's date proposing an agreement between the Governments of the United States of America and Hong Kong under Article 4 of, and in conformity with, the Arrangement Regarding International Trade in Textiles, and confirm that it is acceptable to my Government.

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

/S/ W. Dorward
Acting Director of
Commerce and Industry

Mr. Charles T. Cross,
Consul-General,
American Consulate General,
26 Garden Road,
Hong Kong.