

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/398
6 March 1979

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Extension of the Bilateral Agreement Between
the United States and Japan

The Textiles Surveillance Body has received a notification from the United States concerning an extension of its bilateral agreement^{1/} concluded under Article 4 with Japan.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4^{2/}, has examined the relevant documentation and is circulating the text of the notification to participating countries for their information.

^{1/} For original agreement and previous amendments see COM.TEX/SB/47, 171 and 233.

^{2/} See COM.TEX/SB/35, Annex B.

UNITED STATES AND JAPAN
SIGN TEXTILE AGREEMENT

The United States and Japan exchanged notes on August 28, 1978 to continue in force the existing bilateral textile agreement. The texts of the notes follow:

UNITED STATES NOTE

August 28, 1978

His Excellency
Fumihiko Togo
Ambassador of Japan

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date which reads as follows:

"Excellency:

I have the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States of America effected by the Exchange of notes of September 27, 1974 (hereinafter referred to as the 'Arrangement'), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchanges of Notes dated December 19, 1975, and February 15, 1977, concerning the Arrangement. On the basis of these discussions, I have the honor to propose, on behalf of the Government of Japan, the following arrangements:

1. The Arrangement is amended to continue in force through December 31, 1978.

2. For the period beginning January 1, 1978 and extending through December 31, 1978, cotton categories 1 through 64, wool categories 101 through 128, 131 and 132 and man-made fiber categories 203 through 243 as specified in Annex B of the Arrangement shall not be subject to numerical limits other than those which may arise under the provisions of paragraph 3 hereof.

3. (1) If the Government of the United States of America considers that imports from Japan of one or more of the categories referred to in paragraph 2 hereof are increasing so as to cause a real risk of market disruption in the United States of America, the Government of the United States of America may request consultations with the Government of Japan regarding the category or categories affected.

(2) When the Government of the United States of America requests such consultations, the Government of Japan shall meet promptly with the Government of the United States of America to work out a mutually satisfactory solution to such problems as may exist with the category or categories affected. The consultations shall be concluded within

thirty days from the date of the request for such consultations by the Government of the United States of America unless the two Governments agree otherwise.

(3) In the event that such consultations do not result in a mutually satisfactory solution, the Government of the United States of America may request the Government of Japan to limit the exports of the category or categories affected. In that case, the Government of Japan shall limit the exports of such category or categories, for the twelve-month period ending December 31, 1978, at levels in no case lower than 130 percent for cotton and man-made fiber categories or 109 percent for wool categories of the greater of:

(i) the levels of imports into the United States of America from Japan of such category or categories during the first twelve months of the fourteen months preceding the month in which the request for consultations was made, or

(ii) the levels of the average annual imports into the United States of America in such category or categories from Japan during the period beginning January 1, 1973, and extending through December 31, 1976.

(4) Consultations under this paragraph 3 will not be requested for any category when imports from Japan in such category are at annual levels not more than 1,000,000 square yards equivalent for each man-made fiber or cotton category other than apparel, 700,000 square yards equivalent for each man-made fiber or cotton apparel category, and 100,000 square yards for each wool category.

(5) The Government of the United States of America will provide a detailed factual statement of the reasons and justification for its request for consultations, including data similar to that contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles as well as relevant data on imports from third countries. The Government of the United States of America will make similar requests for consultations to the governments of other countries whose exports to the United States of America of the categories referred to in paragraph 2 hereof are subject to restraints in cases where imports from such countries in the same category are increasing.

(6) This paragraph 3 will be implemented in such a manner as to achieve the principles and objectives set out in the Arrangement Regarding International Trade in Textiles, and will only be resorted to sparingly.

(7) The two Governments recognize that exports of the categories referred to in paragraph 2 hereof from Japan to the United States of America are unlikely to contribute to conditions of market disruption in the United States of America during the period referred to in paragraph 2 hereof. Accordingly, the Government of the United States of America does not presently foresee a situation in which it would be necessary to request consultations under this paragraph 3.

(8) In case such consultations take place, the two Governments agree that full and sympathetic consideration will be given to such treatment as specific level, growth rate and flexibility including interfiber flexibility accorded to the category or categories in question under terms of the Arrangement and to the evidence presented by the Government of the United States of America as to the real risk of market disruption. If the Government of Japan indicates that the level of restraint requested by the Government of the United States of America would result in undue hardship or inequity, the two Governments will examine such problems on the basis of relevant materials with a view to clarifying the situation and to developing a solution to such problems in a spirit of mutual

confidence and cooperation and in a manner consistent with the objectives of the Arrangement Regarding International Trade in Textiles and the movement toward liberalization of the Arrangement.

4. Upon request of either Government, the two Governments agree to review the foregoing arrangements prior to December 31, 1978, taking into account the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles, and in line with the Arrangement Regarding International Trade in Textiles.

I have further the honor to propose that the present Note and Your Excellency's Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of Your Excellency's reply.

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

I have further the honor to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's note and this note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

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

For the Acting Secretary of State:
/S/ Julius L. Katz

JAPANESE NOTE

August 28, 1978

The Honorable
Warren Christopher
Acting Secretary of State

Excellency:

See U.S. note.

/S/ Fumihiko Togo
Ambassador Extraordinary and
Plenipotentiary of Japan