

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/563

7 May 1980

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 1:4

Amendment to the Agreement Between the United States
and Hong Kong

The Textiles Surveillance Body has received a notification from the United States of a further amendment to its bilateral agreement with Hong Kong concluded under Article 4 of the Arrangement.^{1/}

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4^{2/}, has examined the relevant documentation^{3/} and is circulating the text of the notification to the participating countries.

^{1/} For details of the original agreement and previous amendments, see COM.TEX/SB/321, 393, 413, 438 and 488.

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

^{3/} The conclusions of the TSB in this regard are contained in COM.TEX/SB/564 paragraphs 3-6.

February 25, 1980
No. 44

UNITED STATES AND HONG KONG
AMEND TEXTILE AGREEMENT

The United States and Hong Kong exchanged letters January 28, 1980 and February 6, 1980, respectively to amend the existing bilateral textile agreement. The texts of the letters follow:

UNITED STATES LETTER

January 28, 1980

Mr. William Dorward, O.B.E., J.P.
Director of Trade, Industry & Customs
Trade Industry & Customs Dept.
15/F, Ocean Centre
Canton Road
Kowloon

Dear Sir:

I have the honor to refer to the Agreement concerning trade in cotton, wool and man-made fibre textiles and textile products between the Government of Hong Kong and the Government of The United States with annexes, dated August 8, 1977 (hereinafter called "The Agreement"). I have the honor to refer further to consultations between the two governments which have taken place in Manila (July 1979), Hong Kong (October 1979), Geneva (October/November 1979), London (December 1979) and in Washington (January 1980).

As a result of the above mentioned consultations, I propose on behalf of the Government of The United States of America that the Agreement be amended as follows:

(1) As of January 1, 1980, the textile products in the following categories shall no longer be subject to the specified limits set out in Annex A to the Agreement, and shall become subject to paragraph 9 of the Agreement, as amended hereby.

Products in Categories

350
351
649

(2) In respect of 1980 Agreement year only, Hong Kong undertakes as follows:

(a) To limit utilization of swing to not more than 5 percent in respect of the following categories:

331
333/4/5
338/9
338/9(1)
340
341
347/8
638/9
640
641

(b) Not to utilize carryover and carryforward in respect of each of the categories mentioned in paragraph 2(a) above.

Neither sub-paragraphs (a) and (b) hereof shall affect the flexibility provisions for Group II, as provided for in the Agreement signed on August 8, 1977.

(3) Export Authorization System

Effective from January 1, 1980, until termination of the Agreement on December 31, 1982, paragraph 9 of the Agreement is replaced by the following:

"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 procedures shall apply to each category not subject to a specified limit:

(a) The Government of Hong Kong shall provide reports on export authorizations (EAs) 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, the Government of Hong Kong, as requested by the Government of the United States, shall cease or otherwise limit further issuance of EAs for a period of seven (7) U.S. working days. The Government of The United States may request Hong Kong to extend the period of seven (7) U.S. working days mentioned above and may also request Hong Kong to limit the issuance of EAs to a level different from that specified in paragraph 9 (e) (I) and (II) below, whichever is applicable. The Government of Hong Kong shall consider any such request sympathetically and shall respond promptly. Unless agreed otherwise, the Government of Hong Kong shall have the right, following the expiry of the period of seven (7) U.S. working days mentioned above, to resume the issuance of EAs up to the level specified in paragraph 9(e) (I) or (II) below, whichever is applicable. EAs thus issued, as well as EAs issued prior to receipt of the request for consultations, may be honored by the issuance of export licences by the Government of Hong Kong.

The two governments, unless otherwise agreed, 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 the commencement.

(e) (I) 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 relevant products during the Agreement year in which the request for consultations is made to a level not less than the highest of:

(a) The level of the trade in the relevant product or category for the immediate preceding agreement year plus either 20 percent of that level (in the case of cotton and man-made fibre products) or 6 percent of that level (in the case of wool products),

(b) The average of the level of trade in the relevant product or category for all previous Agreement years since January 1, 1978, plus either 20 percent of that level (in the case of cotton and man-made fibre products), or 6 percent of that level (in the case of wool products), or

(c) The limit requested by the Government of The United States for the cessation of issuance of EAs in accordance with paragraph 9(d) hereof.

(II) Except as provided for in paragraph (IV) below in respect of any product or category where a limit has been established for a single Agreement year and where, in the immediately subsequent Agreement year the Government of The United States makes another request for consultations under paragraph 9(b) of this Agreement, and, in the event that such 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 relevant products during the Agreement year in which the request for consultations is made, to a level not less than the higher of:

(a) The limit established for the immediately preceding year plus either 8 percent of that limit (in the case of cotton and man-made fibre products) or 3 percent of that limit (in the case of wool products).

- (b) The limit requested by the Government of The United States for the cessation of issuance of EAs in accordance with paragraph 9(d) hereof.
- (III) Where the Government of The United States makes a request under paragraph (e) (I) and (II) hereof, the Government of Hong Kong agrees that it will honor such a request.
- (IV) In respect of any product or category for which a limit is established in any one Agreement year, either Government may, prior to the start of the immediately following Agreement year, elect to convert that limit into a specified limit effective as such, from January 1st of the immediately following Agreement year, and that product or category shall remain subject to a specified limit for the duration of this Agreement. Where such a conversion is made, the specified limit so created shall, from the date of effectiveness, be accorded growth at 4.5 percent (in respect of cotton and man-made fibre products) or 1 percent (in respect of wool products). The specified limit so created shall, in the year of effectiveness be accorded flexibility pursuant to paragraph 6 of the Agreement, and in subsequent years the flexibility provisions as set out in paragraph 6 and 7 of the Agreement shall apply.
- (V) Should two requests in respect of the same product or category be made under paragraph 9(b) hereof during the term of this Agreement but in different Agreement years, not being consecutive years, the provisions of paragraph 9(e) (I) shall apply to the second of the two requests.
- (VI) The two governments agree that the provisions of paragraph 9 hereof shall not derogate from the rights of the two governments under paragraph 24 of this Agreement.
- (VII) For the purpose of paragraph 9 hereof, the phrase "level of trade" shall mean the level of trade established by consultations to be held concurrently

with the consultations envisaged under paragraph 7(a) hereof, or, where such consultations have not been completed, the level of trade by date of export.

- (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 EAs in exceptionally large amounts or of any unusual concentration of applications for EAs in a particular category.
- (g) The two governments shall consult as early as possible, 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."
- (4) The Government of The United States agrees that the provisions of paragraph 9(e) (IV) hereof shall operate to include categories in respect of which requests were made by the United States in 1979, namely:

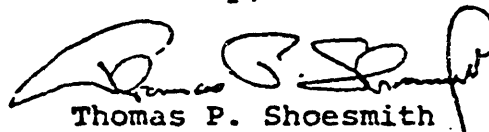
337
342
345
635
648
438
442
444
447
448

(5) The Government of The United States acknowledges that there is no need to invoke paragraph 26 of the Agreement earlier than the end of 1980.

If the foregoing arrangement is acceptable to the Government of Hong Kong, this letter and your letter of acceptance shall constitute an amendment to the Agreement.

Accept, Sir, the renewal of my highest consideration.

Sincerely,


Thomas P. Shoemith
Consul General

HONG KONG LETTER

February 6, 1980

Mr. Thomas P. Shoesmith,
Consul General,
Consulate General of the United
States of America,
26 Garden Road,
Hong Kong.

Sir,

I refer to your letter dated 28th January 1980 regarding an amendment to the Agreement concerning trade in cotton, wool and man-made fibre textiles and textile products between the Government of the United States of America and the Government of Hong Kong, of 8th August 1977, with annexes, as amended. I wish to confirm that this letter and your letter constitute an amendment to the Agreement.

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

(signed)
(W. Dorward)

BY HAND

15 February, 1980.

Mr. Donald McConville,
 Chief,
 Textiles Division,
 Room 3333,
 Department of State,
 Washington, D.C.

Dear Don,

I refer to paragraph (3)(E)(IV) and paragraph (4) in the letter, exchanged with Hong Kong on 6 February 1980, regarding an amendment to the Agreement concerning trade in cotton, wool and man-made fibre textiles and textile products between our two governments.

2. I write to confirm that the Government of Hong Kong has decided to convert, w.e.f. 1 January 1980, the following six categories into specific limits subject to the provisions specified in paragraph (3)(E)(IV) of the letter under reference.

<u>CATEGORY</u>	<u>RESTRAINT LIMIT (IN DOZENS)</u>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
337	643,205	672,149	702,396
342	366,713	383,215	400,460
345	288,101	301,066	314,614
635	602,617	629,735	658,073
648	922,735	964,258	1,007,650
438	739,304	746,697	754,164

3. As regards the remaining four categories, namely categories 442, 444, 447 and 448, it is our understanding that the Government of the United States will not exercise its rights to convert them into specific categories.

Yours sincerely,

(signed)

R. B. Crowson

February 27, 1980

Mr. Richard B. Crowson
Counselor for Hong Kong
Commercial Affairs
British Embassy
3100 Massachusetts Avenue, N.W.
Washington, D.C. 20008

Dear Dick:

Thank you for your letter of February 15, 1980, confirming that your Government has decided to convert six textile categories to Specific Limits and setting forth the restraint limits as computed by your Government. These limits are identical with the limits as computed by my Government.

As regards Categories 442, 444, 447, and 448, my Government will not exercise its option to convert those Categories to Specific Limits for the 1980 Agreement Year.

Sincerely,

(signed)

Donald F. McConville
Chief, Textiles Division
Bureau of Economic and
Business Affairs