

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

COM.TEX/SB/834

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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 Indonesia

The Textiles Surveillance Body has received from the United States a notification of a new bilateral agreement with Indonesia, concluded under Article 4 of the MFA, valid for the period 1 July 1982-30 June 1985.

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4², has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.³

²See COM.TEX/SB/35, Annex B.

³For the TSB's observations on this notification, see COM.TEX/SB/835, paragraphs 11 and 12.

UNITED STATES NOTE

Jakarta, Indonesia
October 13, 1982

The Embassy of the United States of America presents its compliments to the Department of Foreign Affairs of the Republic of Indonesia and has the honor to refer to the Arrangement Regarding International Trade in Textiles, with Annexes, done at Geneva on December 20, 1973, and extended by Protocol adopted on December 22, 1981, at Geneva (hereinafter referred to as the Arrangement).

We have also the honor to refer to negotiations between representatives of the Government of Indonesia and the Government of the United States of America in Jakarta from August 23 to August 24, 1982 and in Washington September 20 to September 22, 1982 concerning exports to the United States of America of cotton, wool and man-made fiber textiles and textile products manufactured in Indonesia. As a result of those discussions and in conformity with Article 4 of the Arrangement, we have the honor to propose the following Agreement Relating to Trade in Cotton, Wool and Man-made Fiber Textiles and Textile Products, especially on Categories 340, 347/348, between the Government of the United States of America and the Government of the Republic of Indonesia.

1. The term of this Agreement shall be from July 1, 1982 through June 30, 1985. The first agreement year commences on July 1, 1982 and ends on June 30, 1983.

2. (A) Textiles and textile products covered by this Agreement are those summarized in Annex A.

(B) 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, or man-made fibers, or blends thereof, in which any or all of those fibers 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 products, are subject to this Agreement.

(C) 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 products covered by sub-paragraph 2 (B) but not in chief value of cotton, wool, or man-made fiber 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 wool equals or exceeds 17 percent by weight of all component fibers; and

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

3. (A) The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing this Agreement except as set out in sub-paragraph 3 (3).

(B) For purposes of this Agreement, the categories below are merged and treated as single categories with specific limits for these categories set out in Annex B.

<u>Categories Merged</u>	<u>Designation in Agreement</u>
347, 348	347/348

4. Commencing with the first agreement year, and during each succeeding agreement year, the Government of the Republic of Indonesia shall limit annual exports from Indonesia to the United States of America of textile and textile products manufactured in Indonesia to the specified limits set out in Annex B, as such limits may be adjusted in accordance with paragraph 5. The specific limits set out in Annex B do not include any adjustments permitted under paragraph 5 except for Category 340 which includes the adjustments pursuant to paragraph 5 (B).

5. (A) During any agreement year, the specific limits set out in Annex B, except for Category 340 which includes swing pursuant to sub-paragraph 5 (B), may be exceeded by not more than seven (7) percent (swing) provided that a corresponding reduction in square yards equivalent is made in another specific limit during the same agreement year.

(B) The specific limits set out in Annex B for Category 340 have been adjusted to include 7 percent swing. No additional swing is available. The limits to be used in calculating a shortfall in Category 340 for use in applying swing to Category 347/348 in an agreement year shall be determined by dividing the specific limits as set out in Annex B by 1.07.

(C) The following charges will be made to the levels in Annex B for Category 347/348 as swing used in Category 340:

July 1, 1982 - June 30, 1983	28,315 Dozen
July 1, 1983 - June 30, 1984	30,296 Dozen
July 1, 1984 - June 30, 1985	32,428 Dozen

6. In any agreement year, in addition to any adjustment pursuant to paragraph 5, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that agreement year an unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carryforward") subject to the following conditions:

(A) Carryover may be utilized as available up to 11 percent of the receiving agreement year's limits. No carryover shall be available during the first agreement year.

(B) The combination of carryover and carryforward shall not exceed 11 percent of the receiving agreement year's applicable limits;

(C) Carryforward may be utilized up to 6 percent of the receiving agreement year's applicable limits and shall be charged against the immediately following agreement year's corresponding limits. No carryforward shall be available in the final agreement year.

(D) (I) Carryover of shortfall (as defined below) shall not be applied to any limits until the Governments of the United States of America and Indonesia have agreed upon the amounts of shortfall involved.

(II) For purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from Indonesia to the United States of America during an agreement year are below any applicable specific limit or sub-limit as set out in Annex B (or, in the case of any limit decreased pursuant to paragraph 5, when such exports are below the limit as so decreased). In the agreement year following the shortfall, such exports from Indonesia to the United States of America may be permitted to exceed the applicable limits, subject to the conditions set forth above, by carryover of shortfall in the following manner:

(A) Carryover shall not exceed the amount of shortfall in the applicable limit;

(B) The shortfall shall be used in the category in which the shortfall occurred.

7. Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

8. (A) The Government of the United States of America shall promptly supply the Government of the Republic of Indonesia with data on monthly imports of cotton, wool and man-made textiles and textile products into the United States of America from Indonesia.

(B) The Government of Indonesia shall promptly supply the Government of the United States of America with data on monthly exports of cotton, wool and man-made fiber textile products from Indonesia to the United States of America.

(C) Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement requested by the other Government.

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

10. (A) Exports from Indonesia in excess of authorized limits in any agreement year may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and be charged to the applicable limit in the succeeding agreement year.

(B) Exports from Indonesia in excess of authorized limits in any agreement year will, if allowed entry into the United States during that agreement year, be charged to the applicable limit in the succeeding agreement year.

11. If the Government of Indonesia considers that as a result of limitations specified in the Agreement that Indonesia is being placed in an inequitable position vis-a-vis a third country, the Government of Indonesia may request consultations with the Government of the United States of America with the view of taking appropriate remedial action such as a reasonable modification of this Agreement.

12. For categories not subject to a specific limit each government reserves its rights to take action in accordance with the Arrangement.

13. The Government of Indonesia shall administer its export control system under this Agreement. The Government of the United States of America may assist the Government of Indonesia in implementing the limitation provisions of this agreement by controlling imports of textiles and textile products covered by this Agreement.

14. The visa and certification system established by letters dated October 1 and October 15, 1979, shall remain in force subject to paragraph 7.

15. In conformity with Article 8 of the Arrangement, the Government of the United States and the Government of the Republic of Indonesia shall cooperate to avoid circumvention of the Agreement.

15. (A) In conformity with Article 12, paragraph (3) of the Arrangement, this Agreement shall not apply to exports of handloom fabrics of the cottage industry of Indonesia, or handmade cottage industry products made of such handloom fabrics in Indonesia, or to folklore handicraft textile products traditional to Indonesia, provided that such products are properly certified under mutually satisfactory arrangements to be established between the two Governments pursuant to paragraph 7 of this agreement.

(B) Exports of cotton, wool and man-made fiber textile products in shipments individually valued at less than 250 dollars shall not be charged to the limits of this agreement.

17. The Government of the United States of America and the Government of Indonesia agree to consult on any question

arising in the implementation of this Agreement, and unless otherwise mutually agreed, such consultations shall be held within 30 days of the requests.

13. The Government of the United States of America and the Government of the Republic of Indonesia may at any time propose revisions in the terms of this Agreement. Each Government agrees to consult promptly with the other Government about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

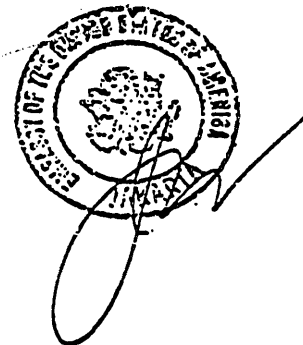
19. Either Government may terminate this Agreement, effective at the end of an agreement year, by written notice to the other Government, to be given at least 90 days prior to the end of the agreement year.

If the foregoing conforms with the understanding of the Government of the Republic of Indonesia, this note and the Department's note of confirmation on behalf of the Government of the Republic of Indonesia shall constitute an agreement between our two Governments.

The Embassy of the United States of America avails itself of this opportunity to renew to the Department of Foreign Affairs of the Republic of Indonesia the assurances of its highest consideration.

Attachment: Annex A and B

Embassy of the United States of America,
Jakarta, October 13, 1982.



ANNEX A

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>CONVERSION FACTOR</u>	<u>UNIT OF MEASURE</u>
Apparel			
Cotton			
340	Shirts, non-knit	24.0	Doz.
347	Trousers, slacks and shorts (outer) Men's and Boy's	17.8	Doz.
348	Trousers, slacks and shorts (outer) Women's, girls and infants	17.8	Doz.

ANNEX B

<u>Category</u>	<u>Specific Limits (In Dozens)</u>		
	<u>First Agreement Year</u>	<u>Second Agreement Year</u>	<u>Third Agreement Year</u>
340	321,000	343,470	367,513
347/348	569,921	609,815	652,503

REPUBLIC OF INDONESIA NOTE

The Department of Foreign Affairs of the Republic of Indonesia presents its compliments to the Embassy of the United States of America and has the honour to acknowledge the receipt of the Embassy's Note No. 878 dated October 13, 1982 concerning the Indonesian export of cotton, wool and man-made fiber textiles and textile products to the United States of America which after the request of the Government of the Republic of Indonesia for certain changes in the original text and approved by the Embassy of the United States of America has been revised to read as follows :

See United States note except that paragraph 16 reads as follows:

16. (A) In conformity with Article 12, paragraph (3) of the Arrangement, this Agreement shall not apply to exports of handloom fabrics of the cottage industry of Indonesia, or handmade cottage industry products made of such handloom fabrics in Indonesia, or to folklore handicraft textile products traditional to Indonesia, provided that such products are properly certified under mutually satisfactory arrangements to be established between the two Governments pursuant to paragraph 7 of this agreement.

On this matter, a separate note will be sent in due course.

(B) Exports of cotton, wool and man-made fiber textile products in shipments individually valued at less than 250 dollars shall not be charged to the limits of this agreement.

The Department of Foreign Affairs has the honour to inform the Embassy of the United States of America that the Note as quoted above conforms with the understanding of the Government of the Republic of Indonesia and the revised Embassy's Note no. 878, and the confirmation contained in this Note constitute an agreement on Trade and Textile between the Government of the United States of America and the Government of the Republic of Indonesia.

The Department of Foreign Affairs of the Republic of Indonesia avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

