

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COT/213

22 February 1972

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement Between the United States and
the Republic of Korea

Attached is the text of the United States note relating to a new cotton textile agreement between the Republic of Korea and the United States. This agreement supersedes the 1967 agreement as amended and extended¹, and covers the period 1 January 1971 through 30 September 1975.

The text of this note has been transmitted to the Director-General by the United States mission for notification to the Cotton Textiles Committee.

¹See COT/93 and COT/172 and Addenda.

30 December 1971

Excellency:

I have the honour to refer to recent discussions between representatives of our two Governments and to the cotton textile agreement between our two Governments effected by an exchange of notes dated 11 December 1967, as amended and extended. As a result of these discussions, I have the honour to propose that the following agreement supersede the 1967 agreement, as amended and extended.

1. The purpose of this agreement is to provide for the orderly development of trade in cotton textiles between the Republic of Korea and the United States.
2. This agreement shall extend from 1 January 1971 through 30 September 1975. During that period the Government of the Republic of Korea shall limit annual exports of cotton textiles to the United States to aggregate, group and specific limits at the levels specified in the following paragraphs. It is noted that the growth factor provided for in paragraph 10 has already been applied to the levels in paragraphs 3, 4 and 5 for the second and third agreement years.
3. For the first agreement year, constituting the twelve-month period beginning 1 January 1971, the aggregate limit shall be 46,687,595 square yards equivalent. For the second agreement year, constituting the nine-month period beginning 1 January 1972, the aggregate limit shall be 36,766,481 square yards equivalent. For the third agreement year, constituting the twelve-month period beginning 1 October 1972, the aggregate limit shall be 50,860,299 square yards equivalent.
4. Within the aggregate limit, the following group limits shall apply for the first, second and third agreement years respectively:

	<u>Square Y-rds Equivalent</u>		
	<u>First agreement year</u>	<u>Second agreement year¹</u>	<u>Third agreement year</u>
Group I (Categories 1-38 and 64)	33,144,349	26,101,175	36,106,626
Group II (Categories 39-63)	13,543,246	10,665,306	14,753,673

¹Nine-month period

His Excellency
Dong Jo Kim
Ambassador of Korea

5. Within the aggregate limit and the applicable group limits, the following specific limits shall apply for the first, second and third agreement years:

Category	Unit	First agreement year	Second agreement year ¹	Third agreement year
<u>Group I</u>				
7	Sq. yds.	698,917	550,397	761,383
9/10	Sq. yds.	4,228,444	3,329,900	4,606,362
18/19/26 (print cloth)	Sq. yds.	2,690,381	2,118,657	2,930,834
22/23	Sq. yds.	1,852,130	1,458,553	2,017,665
26 (duck)	Sq. yds.	15,376,154	12,108,722	16,750,399
26/27 (other than duck and print cloth)	Sq. yds.	2,027,304	1,596,502	2,208,494
31	Pcs.	1,329,339	1,046,855	1,448,150
34/35	Pcs.	242,772	191,183	264,470
64 (table-cloths and napkins)	Lb.	638,810	503,063	695,904
64 (zipper tapes)	Lb.	78,278	61,644	85,274
<u>Group II</u>				
45	Doz.	41,936	33,025	45,684
46/47	Sq. yds.	1,558,880	1,227,618	1,698,205
48	Doz.	13,312	10,484	14,503
49	Doz.	34,946	27,520	38,069
50	Doz.	58,710	46,235	63,959
51	Doz.	79,677	62,746	86,798
52	Doz.	41,936	33,025	45,684
53	Doz.	13,312	10,484	14,503
54	Doz.	62,903	49,536	68,525
55	Doz.	13,312	10,484	14,503
60	Doz.	36,345	28,622	39,594
63	Lb.	117,259	92,342	127,740

6. Within the aggregate limit, the limit for Group I may be exceeded by not more than 10 per cent and the limit for Group II may be exceeded by not more than 5 per cent. Within the applicable Group limit, as it may be adjusted under this provision, specific limits may be exceeded by 5 per cent.

¹Nine-month period

7. Categories not given specific limits are subject to consultation levels and to the group and aggregate limits. In the event the Government of the Republic of Korea desires to export to the United States in any category during any agreement year in excess of the consultation level, it shall request consultations with the Government of the United States of America on this question. The Government of the United States of America shall agree to enter into such consultations and, during the course thereof, shall provide the Government of the Republic of Korea with information on the condition of the United States market in the category in question. Until agreement on a different level of exports is reached, the Government of the Republic of Korea shall limit its exports in the category in question to the consultation level. The consultation levels, in square yards equivalents, for the first, second and third agreement years, respectively, are as follows:

	<u>First agreement year</u>	<u>Second agreement year¹</u>	<u>Third agreement year</u>
Group I (Categories 1-38 and 64)	638,142	670,049	703,551
Group II (Categories 39-63)	469,034	492,486	517,110

8. In addition to the amounts provided for under other provisions of this agreement, aggregate exports of cotton textiles may be increased by an amount equal to not more than 5 per cent of the aggregate limit, and within that amount, exports in any group or category may be exceeded by not more than 5 per cent of the applicable group and category limits, provided that exports under the parallel man-made fibre and wool textile agreement between the Government of the United States of America and the Government of the Republic of Korea for the corresponding agreement year are below the aggregate limit and the comparable group and category limits established therein by an equivalent square yard amount. For the cotton textile agreement year beginning 1 January 1972, however, the additional amounts referred to in the preceding sentence shall be equal to 5 per cent of the aggregate limit and each applicable group and category limit for that agreement year, multiplied by 133 1/3 per cent.

9. During the term of this agreement, the Government of the Republic of Korea shall limit exports of items of chief value corduroy in Categories 46, 50, 51, 53, 54 and 63 from the Republic of Korea to the United States. For the first agreement year the level of this limit shall be 2,928,109 square yards equivalent; for the second agreement year 2,305,886 square yards equivalent; and for the third agreement year 3,189,809 square yards equivalent. Exports of corduroy items shall be subject to the other limits in this agreement.

¹Nine-month period

10. In the fourth and any succeeding agreement year for which any limitation is in force under this agreement, the level of exports permitted under such limitation shall be increased by five per cent of the corresponding level for the preceding agreement year, the latter level not to include any adjustments under paragraph 6 or 17.
11. The Government of the Republic of Korea shall use its best efforts to space exports from the Republic of Korea to the United States within each category evenly throughout each agreement year, taking into consideration normal seasonal factors.
12. Each Government agrees to supply promptly any available statistical data requested by the other Government. In particular, the Governments agree to exchange monthly data on exports of cotton textiles from the Republic of Korea to the United States. In the implementation of this agreement the system of categories and factors for conversion into square yards equivalent set forth in the annex to this agreement shall apply. In any situation where the determination of an article to be a cotton textile would be affected by whether the criterion provided for in Article 9 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles (the LTA) is used or the criterion provided for in paragraph 2 of Annex E of the LTA is used, the chief value criterion used by the Government of the United States of America in accordance with paragraph 2 of Annex E shall apply.
13. During the term of this agreement the Government of the United States of America shall not invoke Article 3 of the LTA to limit imports of cotton textiles from the Republic of Korea into the United States. The applicability of the other Articles of the LTA to trade in cotton textiles between the Republic of Korea and the United States shall otherwise be unaffected by this agreement.
14. The Government of the Republic of Korea and the Government of the United States of America agree to consult on any question arising in the implementation of this agreement.
15. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of the agreement including differences in points of procedure or operation.
16. If the Government of the Republic of Korea considers that, as a result of limitations specified in this agreement, the Republic of Korea is being placed in an inequitable position vis-à-vis a third country, the Government of the Republic of Korea may request consultation with the Government of the United States of America with the view to taking appropriate remedial action as a reasonable modification of this agreement.

17. (a) For any agreement year immediately following a year of a shortfall (i.e. a year in which cotton textile exports from the Republic of Korea were below the aggregate limit and any group and specific limit applicable to the category concerned) the Government of the Republic of Korea may permit exports to exceed the aggregate, group and specific limits by carry-over in the following amounts and 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 shall not exceed either 5 per cent of the aggregate limit or 5 per cent of the applicable group limit in the year of the shortfall, and

(ii) in the case of shortfalls in the categories subject to specific limits the carry-over shall not exceed 5 per cent of the specific limit in the year of the shortfall, and shall be used in the same category in which the shortfall occurred, and

(iii) in the case of shortfalls not attributable to categories subject to specific limits, the carry-over shall be used in the same group in which the shortfall occurred, shall not be used to exceed any applicable specific limit except in accordance with the provisions of paragraph 6 and shall not be used to exceed the limits in paragraph 7 of this agreement.

(b) The limits referred to in sub-paragraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 6.

(c) The carry-over shall be in addition to the exports permitted in paragraph 6.

18. The Government of the United States of America may assist the Government of the Republic of Korea in implementing the limitation provisions of this agreement by controlling imports of cotton textiles covered by the agreement.

19. The Government of the Republic of Korea and the Government of the United States of America 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 the present agreement, or taking such other appropriate action, as may be mutually agreed upon.

20. Either Government may terminate this agreement effective at the beginning of a new agreement year by written notice to the other Government to be given at least ninety days prior to the beginning of such new agreement year.

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

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

For the Secretary of State: