

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COT/215

22 February 1972

Special Distribution

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement Between the United States and the
Republic of China (Taiwan)

Attached is the text of the notes exchanged between the United States and the Republic of China (Taiwan) constituting a new agreement concerning trade in cotton textiles between the two countries. This agreement supersedes the 1967 agreement as amended and extended¹, and covers the period 1 January 1971 through 31 December 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/8/Add.5 and COT/178 and Add.

Note No: 1

30 December 1971

Excellency:

I have the honour to refer to recent discussions between representatives of our two Governments and the agreement between our two Governments concerning trade in cotton textiles between the Republic of China and the United States effected by an exchange of notes dated 12 October 1967, as amended and extended. As a result of these discussions, I propose on behalf of my Government 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 China and the United States.
2. The term of this agreement shall extend from 1 January 1971 through 31 December 1975. During the term of the agreement, the Government of the Republic of China 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.
3. For the first agreement year, constituting the twelve-month period beginning 1 January 1971, the aggregate limit shall be 90,000,000 square yards equivalent.
4. Within the aggregate limit, the following group limits shall apply for the first agreement year:

Group I

(Apparel - Categories 39-63) 33,899,557 square yards equivalent

Group II

(All other - Categories 1-38 and 64) 56,100,443 square yards equivalent

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

Group ICategory

41-42	(Other knit shirts and blouses)	126,838	dozen
43 - Part of 62		93,318	dozen

His Excellency
Y.T. Wong,
Director General,
Board of Foreign Trade,
Republic of China.

<u>Category</u>			
44		24,487	dozen
45		14,693	dozen
46-47		9,888,296	square yards equivalent
50		199,155	dozen
51		319,953	dozen
52		204,052	dozen
53		16,323	dozen
54		34,282	dozen
57		163,242	dozen
59		40,810	dozen
60		30,852	dozen
Part of 62	(other knit wearing apparel)	38,350	pounds
63		204,052	pounds

Group II

Category

5-6	2,405,332	square yards
9-10	28,287,146	square yards
15-16	1,352,248	square yards
18-19	1,530,393	square yards
20-21	997,280	square yards
22-23	3,035,335	square yards
24-25	2,961,304	square yards
26-27	5,032,599	square yards (of which not more than 2,961,000 square yards may be in duck fabric)
28-29	1,882,056	number
30	2,448,629	number
32	364,979	dozen
34-35	275,603	number
64	193,078	pounds

6. Within the aggregate limit, the limit for Group II may be exceeded by not more than 10 per cent and the limit for Group I 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.

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 China desires to export to the United States in any category during any agreement year in excess of a 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 China 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 China shall limit its exports in the category in question to the consultation level. For the first agreement year the consultation level shall be 498,640 square yards equivalent.

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 of man-made fibre textiles under the man-made fibre and wool textile agreement of today's date 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 purposes of the preceding sentence, the "corresponding agreement year" shall be the agreement year under the man-made fibre and wool textile agreement that ends on 30 September immediately preceding the end of the agreement year under this agreement.

9. The Government of the Republic of China shall limit its exports of items made of corduroy in Categories 46, 50 and 51 to a total annual limit of not more than 6,499,022 square yards equivalent for the first agreement year. In the event concentration in exports from the Republic of China to the United States of America of items of apparel made up of corduroy in Categories other than 46, 50 and 51, or items of apparel made up of other cotton fabrics causes or threatens to cause market disruption in the United States, the Government of the United States of America may call for consultations with the Government of the Republic of China in order to reach a mutually satisfactory solution to the problem. The Government of the Republic of China shall agree to enter into such consultation and, during the course thereof, the Government of the Republic of China shall limit its exports of the item in question at an annual level of 105 per cent of its exports during the twelve-month period immediately preceding the month in which consultations are requested.

10. In the second 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 5 per cent of the corresponding level for the preceding agreement year, the latter level not to include any adjustments under paragraphs 6, 8 or 17.

11. The Government of the Republic of China shall use its best efforts to space exports from the Republic of China 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 China 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 China into the United States. The applicability of the other Articles of the LTA to trade in cotton textiles between the Republic of China and the United States shall otherwise be unaffected by this agreement.

14. The Government of the Republic of China 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 China considers that as a result of limitations specified in this agreement, the Republic of China is being placed in an inequitable position vis-à-vis a third country, the Government of the Republic of China may request consultation with the Government of the United States of America with the view to taking appropriate remedial action such 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 China were below the aggregate limit and any group and specific limit applicable to the category concerned) the Government of the Republic of China may permit exports to exceed the aggregate, group and specific limits by carryover in the following amounts and manner:

(i) The carryover 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 carryover 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 carryover 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, paragraphs 6 or 8.

(c) The carryover shall be in addition to the exports permitted in paragraphs 6 and 8.

18. The Government of the United States of America may assist the Government of the Republic of China 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 China 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 China shall constitute an agreement between our two Governments.

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

For the Secretary of State:

David M. Kennedy
Ambassador at Large

Enclosure: Annex A

ANNEX A

Category number	Description	Unit	Conversion factor to sq.yds.
1	Cotton yarn, carded, singles	Lb.	4.6
2	Cotton yarn, carded, plied	Lb.	4.6
3	Cotton yarn, combed, singles	Lb.	4.6
4	Cotton yarn, combed, plied	Lb.	4.6
5	Gingham, carded	Sq.yds.	Not required
6	Gingham, combed	Sq.yds.	Not required
7	Velveteen	Sq.yds.	Not required
8	Corduroy	Sq.yds.	Not required
9	Sheeting, carded	Sq.yds.	Not required
10	Sheeting, combed	Sq.yds.	Not required
11	Lawns, carded	Sq.yds.	Not required
12	Lawns, combed	Sq.yds.	Not required
13	Voile, carded	Sq.yds.	Not required
14	Voile, combed	Sq.yds.	Not required
15	Poplin and broadcloth, carded	Sq.yds.	Not required
16	Poplin and broadcloth, combed	Sq.yds.	Not required
17	Typewriter ribbon cloth	Sq.yds.	Not required
18	Print cloth, shirting type, 80x80 type, carded	Sq.yds.	Not required
19	Print cloth, shirting type, other than 80x80 type, carded	Sq.yds.	Not required
20	Shirting, jacquard or dobby, carded	Sq.yds.	Not required
21	Shirting, jacquard or dobby, combed	Sq.yds.	Not required
22	Twill and sateen, carded	Sq.yds.	Not required
23	Twill and sateen, combed	Sq.yds.	Not required
24	Woven fabric, n.e.s., yarn dyed, carded	Sq.yds.	Not required
25	Woven fabric, n.e.s., yarn dyed, combed	Sq.yds.	Not required
26	Woven fabric, n.e.s., other, carded	Sq.yds.	Not required
27	Woven fabric, n.e.s., other, combed	Sq.yds.	Not required
28	Pillowcases, not ornamented, carded	Nos.	1.084
29	Pillowcases, not ornamented, combed	Nos.	1.084
30	Towels, dish	Nos.	.348
31	Towels, other	Nos.	.348
32	Handkerchiefs, whether or not in the piece	Doz.	1.66
33	Table damask and manufactures	Lb.	3.17
34	Sheets, carded	Nos.	6.2
35	Sheets, combed	Nos.	6.2
36	Bedspreads and quilts	Nos.	6.9
37	Braided and woven elastic	Lb.	4.6
38	Fishing nets and fish netting	Lb.	4.6
39	Gloves and mittens	Doz. prs.	3.527
40	Hose and half hose	Doz. prs.	4.6
41	T-shirts, all white, knit, men's and boys'	Doz.	7.234

Category number	Description	Unit	Conversion factor to sq.yds.
42	T-shirts, other knit	Doz.	7.234
43	Shirts, knit, other than T-shirts and sweatshirts	Doz.	7.234
44	Sweaters and cardigans	Doz.	36.8
45	Shirts, dress, not knit, men's and boys'	Doz.	22.186
46	Shirts, sport, not knit, men's and boys'	Doz.	24.457
47	Shirts, work, not knit, men's and boys'	Doz.	22.186
48	Raincoats, 3/4 length or longer, not knit	Doz.	50.0
49	Coats, other, not knit	Doz.	32.5
50	Trousers, slacks, and shorts (outer), not knit, men's and boys'	Doz.	17.797
51	Trousers, slacks and shorts (outer), not knit, women's, girls' and infants'	Doz.	17.797
52	Blouses, not knit	Doz.	14.53
53	Dresses (including uniforms), not knit	Doz.	45.3
54	Playsuits, sunsuits, washsuits, creepers, rompers, etc., not knit, n.e.s.	Doz.	25.0
55	Dressing gowns, including bathrobes and beachrobes, lounging gowns, housecoats, and dusters, not knit	Doz.	51.0
56	Undershirts, knit, men's and boys'	Doz.	9.2
57	Briefs and undershorts, men's and boys'	Doz.	11.25
58	Drawers, shorts and briefs, knit, n.e.s.	Doz.	5.0
59	All other underwear, not knit	Doz.	16.0
60	Pyjamas and other nightwear	Doz.	51.96
61	Brassieres and other body supporting garments	Doz.	4.75
62	Wearing apparel, knit, n.e.s.	Lb.	4.6
63	Wearing apparel, not knit, n.e.s.	Lb.	4.6
64	All other cotton textiles	Lb.	4.6

Note No: 2

30 December 1971

Excellency:

I have the honour to acknowledge receipt of your note of this date containing a proposed agreement on trade in cotton textiles between the Republic of China and the United States of America for the period from 1 January 1971 through 31 December 1975.

I wish to confirm that the Government of the Republic of China accepts the proposed agreement contained in your note of the above-mentioned date and agrees that Your Excellency's note and this note of confirmation shall constitute an agreement between our two Governments.

I renew to Your Excellency the assurances of my highest consideration.

Y.T. Wong
Director General
Board of Foreign Trade
Republic of China

His Excellency
David M. Kennedy
Ambassador at Large
Department of State
Washington, D.C.