

No. 7105

**UNITED STATES OF AMERICA
and
JAPAN**

Exchange of notes (with Arrangement and exchange of letters) constituting an agreement relating to trade in cotton textiles. Washington, 27 August 1963

Official text: English.

Registered by the United States of America on 5 February 1964.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAPON**

Échange de notes (avec Arrangement et échange de lettres) constituant un accord relatif au commerce des textiles de coton. Washington, 27 août 1963

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 5 février 1964.

No. 7105. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND JAPAN RELATING TO TRADE IN COTTON TEXTILES. WASHINGTON, 27 AUGUST 1963

I

The Ambassador of Japan to the Secretary of State

Washington, August 27, 1963

Excellency :

I have the honor to refer to the recent discussions held in Washington by the representatives of the Government of Japan and the Government of the United States of America concerning trade in cotton textiles between Japan and the United States, and to confirm, on behalf of the Government of Japan, the understandings reached between the two Governments that, pursuant to the provisions of Article 4 of the Long-Term Arrangements Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962² (hereinafter referred to as "the Long-Term Arrangements"), permitting "mutually acceptable arrangements on other terms not inconsistent with the basic objectives of this Arrangement", and with a view to providing for orderly development of trade in cotton textiles between Japan and the United States, the bilateral arrangement attached hereto will be applied by the two Governments for the period of three years beginning January 1, 1963 subject to the provisions thereof.

I have further the honor to request you to be good enough to confirm the foregoing understandings on behalf of the Government of the United States.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Ryuji TAKEUCHI

His Excellency Dean Rusk

Secretary of State of the United States of America

¹ Came into force on 27 August 1963 by the exchange of the said notes, with retroactive effect from 1 January 1963, in accordance with their terms.

² United Nations, *Treaty Series*, Vol. 471, p. 296. As registered by the Executive Secretary of the Contracting Parties to the General Agreement on Tariffs and Trade, the Arrangements are identified in the United Nations *Treaty Series* by the date of their entry into force, i.e., 1 October 1962.

ARRANGEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING TRADE IN COTTON TEXTILES BETWEEN JAPAN AND THE UNITED STATES

Pursuant to the provisions of Article 4 of the Long-Term Arrangements, permitting "mutually acceptable arrangements on other terms not inconsistent with the basic objectives of this Arrangement", the following Arrangement will be applied by the two Governments for the period of three years beginning January 1, 1963 subject to the provisions herein.

1. The purpose of this Arrangement is to provide for orderly development of trade in cotton textiles between Japan and the United States. To achieve this purpose :

- a. The United States Government shall cooperate with the Japanese Government in promoting orderly development of trade in cotton textiles between Japan and the United States, and
- b. The Japanese Government will maintain, for the period of three years beginning January 1, 1963, an annual aggregate limit for exports of cotton textiles to the United States, and annual limits for major groups and annual limits or ceilings for certain products within those groups, subject to the provisions of this Arrangement.

2. The annual aggregate limit for 1963 shall be 287.5 million square yards. This limit shall be sub-divided into four major groups as follows :

	<i>Million square yards</i>
Group I—Cotton cloth	125.5
II—Made-up goods, usually included in U.S. cotton broad woven goods production	41
III—Apparel	111
IV—Miscellaneous cotton textiles	10
TOTAL	287.5

Within these major groups, annual limits or ceilings for specific products are set forth in Annex A.¹ Within the annual aggregate limit, the limits for Groups I, II, III and IV may be exceeded by not more than 5 percent, provided that this provision for "flexibility" shall permit an increase only in the "Other" categories referred to in each group in Annex A.

Each group set forth above shall be deemed to contain the following Categories which are defined in Annex B.²

Group I, Categories 5 through 27.

Group II, Categories 28 through 36, and part of Category 64.

Group III, Categories 39 through 62, and part of Category 63.

Group IV, Categories 1 through 4, 37, 38, and part of Categories 63 and 64.

¹ See p. 204 of this volume.

² See p. 214 of this volume.

3. The aggregate limit for 1964 shall be increased by 3 percent over the limit for 1963. The aggregate limit for 1965 shall be increased by 5 percent over the limit for 1964. These increases for 1964 and 1965 shall be applied to each limit for the groups and to each limit or ceiling within the groups.

4. Wherever it is necessary for the purposes of this Arrangement to convert units other than square yards (e.g., dozens, pieces, pounds, etc.) into square yard equivalents, the conversion into equivalent square yards shall be at the rates specified in Annex C.¹

5. *a.* The two Governments undertake to consult whenever there is any question arising from the implementation of this Arrangement.

b. If instances of excessive concentration of Japanese exports in any products within the scope of this Arrangement, except those included in categories for which limits or ceilings are specified in Annex A, or if instances of excessive concentration of Japanese exports of end products made from a particular type of fabric should cause or threaten to cause disruption of the United States domestic market, the United States Government may request in writing consultations with the Japanese Government to determine an appropriate course of action. Such a request shall be accompanied by a detailed, factual statement of the reasons and justification for the request, including relevant data on imports from third countries. During the course of such consultations, the Japanese Government will maintain exports in the products in question on a quarterly basis at annual levels not in excess of 105 percent of the exports of such products during the first 12 months of the 15 month period prior to the month in which consultations are requested or at annual levels not in excess of 90 percent of the exports of such products during the 12 months prior to the month in which consultations are requested, whichever is higher.

c. The provisions in sub-paragraph *b* above should only be resorted to sparingly. In the event that the Japanese Government considers that the substance of Annex A would be seriously affected due to the consultations in sub-paragraph *b*, the Japanese Government may request that the consultations include a discussion of possible modifications of Annex A.

6. The two Governments recognize that the successful implementation of this Arrangement depends in large part upon mutual cooperation on statistical questions. Accordingly, each Government agrees to supply promptly any available statistical data requested by the other Government. In particular, the United States Government shall supply the Japanese Government with data on monthly imports of cotton textiles from Japan as well as from third countries, and the Japanese Government shall supply the United States Government with data on monthly exports of cotton textiles to the United States.

7. As regards products in any category under specific limits or ceilings specified in this Arrangement, the United States Government shall keep under review the effect of this Arrangement with a view to orderly development of trade in cotton textiles between Japan and the United States, and shall furnish the Japanese Government once a year with

¹ See p. 216 of this volume.

available statistics and other relevant data on imports, production and consumption of such products such as would clarify the impact of imports on the industry concerned.

8. If the Japanese Government considers that as a result of limits and ceilings specified in this Arrangement Japan in being placed in an inequitable position *vis-à-vis* a third country, the Japanese Government may request consultations with the United States Government with a view to taking appropriate remedial action such as a reasonable modification of this Arrangement.

9. The two Governments understand that the terms and conditions of the Long-Term Arrangements shall be applicable to trade in cotton textiles between Japan and the United States except as provided in this Arrangement. The United States Government agrees that insofar as the exports from Japan of the products falling within the scope of Annex A of this Arrangement are conducted within the framework thereof the United States Government shall not invoke Article 3 of the Long-Term Arrangements with respect to such products.

10. *a.* This Arrangement shall continue in force through December 31, 1965, provided that either Government may terminate this Arrangement prior thereto effective at the beginning of a calendar year by giving sixty days' written notice to the other Government.

b. Each Government may at any time propose modification of this Arrangement. The other Government shall give sympathetic consideration to such proposal.

ANNEX A

1. *a.* The following specific limits shall apply within the total annual limit of 125.5 million square yards for *Group I*—"Cotton cloth":

	Thousand square yards
(1) Gingham (Categories 5 and 6)	46,200
(2) Velveteens (Category 7)	2,750
(3) Typewriter ribbon cloth (Category 17)	987
(4) All Other Fabrics (Categories 8 through 16 and 18 through 27)	75,563

b. Within the specific limit for "Ginghams", the export of "Ginghams, combed" (Category 6) shall not exceed 75 percent of the above specific limit.

c. Within "All Other Fabrics", the following specific ceilings shall not be exceeded:

	Thousand square yards
(1) Sheeting (Categories 9 and 10)	30,000
(2) Poplin and broadcloth (Categories 15 and 16)	30,000