

No. 7224

**UNITED STATES OF AMERICA
and
REPUBLIC OF CHINA**

**Exchange of notes constituting an agreement relating to
trade in cotton textiles (with annex and related letters
dated at Taipei on 21 October 1963). Taipei, 19 October
1963**

Official text : English.

Registered by the United States of America on 22 April 1964.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CHINE**

**Échange de notes constituant un accord relatif au com-
merce des textiles de coton (avec annexe et lettres
connexes datées de Taïpeh, le 21 octobre 1963). Taïpeh,
19 octobre 1963**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 22 avril 1964.

No. 7224. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF CHINA RELATING TO TRADE IN COTTON TEXTILES. TAIPEI, 19 OCTOBER 1963

I

The American Ambassador to the Chinese Minister of Foreign Affairs

No. 36

Taipei, October 19, 1963

Excellency :

I have the honor to refer to recent discussions in Taipei between representatives of the Government of the United States of America and the Government of the Republic of China concerning exports of cotton textiles from the Republic of China to the United States.

As a result of these discussions, I have the honor to propose the following agreement relating to trade in cotton textiles between the Republic of China and the United States :

(1) The Government of the Republic of China shall limit its exports to the United States in all categories of cotton textiles for the twelve-month period beginning October 1, 1963 to an aggregate limit of 53 million square yards equivalent.

(2) Within this overall ceiling, the following group ceilings shall apply :

- (a) Apparel categories
(Categories 39-63) 19.7 million syds.
- (b) All other categories
(Categories 1-38 and 64) 33.3 million syds.

(3) Within the group ceiling for apparel categories, the following specific ceilings shall apply :

- (a) Categories 41-42 77,700 doz.
- (b) Category 43 10,500 doz.
- (c) Category 44 15,000 doz.
- (d) Category 45 9,000 doz.
- (e) Category 46 225,000 doz.
- (f) Category 47 25,000 doz.

¹ Came into force on 19 October 1963 by the exchange of the said notes.

(g) Category 49	3,150 doz.
(h) Category 50	122,000 doz.
(i) Category 51	196,000 doz.
(j) Category 52	125,000 doz.
(k) Category 53	10,000 doz.
(l) Category 54	21,000 doz.
(m) Category 55	3,150 doz.
(n) Category 57	25,000 doz.
(o) Category 59	25,000 doz.
(p) Category 60	18,900 doz.
(q) Category 62	15,750 lbs.
(r) Category 63	125,000 lbs.

(4) Within the group ceiling on all other categories the following specific ceilings shall apply :

(a) Category 1	500,000 lbs.
(b) Category 2	78,750 lbs.
(c) Category 5	902,050 syds.
(d) Category 6	367,500 syds.
(e) Category 9	17,000,000 syds.
(f) Category 15	500,000 syds.
(g) Category 18	725,000 syds.
(h) Category 19	212,500 syds.
(i) Category 22	825,000 syds.
(j) Category 23	600,000 syds.
(k) Category 26	3,060,000 syds.
(l) Category 28	850,000 pcs.
(m) Category 30	1,500,000 pcs.

(5) Within the group ceilings for each group the square yard equivalent of any shortfalls occurring in exports in the categories given specific ceilings may be used in any category not given a specific ceiling. In the event the Government of the Republic of China desires to export in a twelve-month period more than 350,000 square yards equivalent in any category not given a specific ceiling, it shall request consultations with the Government of the United States on this question. The United States Government 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 is reached, the Government of the Republic of China shall limit its exports in the category in question at an annual level not in excess of 350,000 square yards equivalent.

(6) The limitations on exports established in paragraphs 1, 2, 3, 4, 5 and 8 of this agreement shall be increased by five percent for the twelve-month period beginning October 1, 1964; and for each subsequent twelve-month period these limitations shall be increased by a further five percent over the levels of the immediately preceding twelve-month period.

(7) Annual exports from the Republic of China in categories 9, 22 and 26 shall be spaced on a cumulative quarterly percentage basis of 33-66-93-100. Annual exports

from the Republic of China in categories 46, 50, 51 and 52 shall be spaced on a cumulative quarterly percentage basis of 50–80–100–100. Annual exports in other categories subject to specific ceilings shall be spaced as evenly as practicable, taking into account seasonal factors.

(8) The Government of the Republic of China shall limit its exports of items made of corduroy in categories 46, 50 and 51 at an annual ceiling of no more than 4 million square yards. In the event concentration in exports from the Republic of China to the United States of items of apparel made up of cotton fabrics causes or threatens to cause market disruption in the United States, the Government of the United States 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 consultations and, during the course thereof, the Government of the Republic of China shall limit its exports of the items in question at an annual level of 105 percent of its exports during the twelve-month period immediately preceding the month in which consultations are requested.

(9) 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 and imports of cotton textiles from the Republic of China to the United States. In the implementation of this agreement, the system of categories and the factors for conversion into square yard equivalents set forth in the annex to this agreement shall apply.

(10) During the life of this agreement, the United States Government shall not invoke the procedures of Articles 6 (c) and 3 of the Long-Term Arrangements Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962¹ to limit importation of cotton textiles from the Republic of China into the United States.

(11) The Government agree to consult on any question arising in the implementation of this agreement. In particular, in the event that because of a return to normalcy of market conditions in the United States, the Government of the United States relaxes measures it has taken under the Long-Term Arrangement for any of the categories, consultation may be requested by the Government of the Republic of China to remove or modify ceilings established for such categories by this agreement.

(12) This agreement shall continue in force through September 30, 1967; provided that either Government may propose revisions in the terms of the agreement no later than 90 days prior to the beginning of a new twelve-month period; and provided further that either Government may terminate this agreement effective at the beginning of a new twelve-month period by written notice to the other Government given at least 90 days prior to the beginning of such new twelve-month period.

¹ 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.

(13) The Governments recognize that the agreement reached by letters of August 8, 14, 28 and September 20, 1963¹ between officials of the two Governments concerning the entry into the United States of certain cotton textiles exported from the Republic of China requires that deductions be made from certain specific ceilings applicable during the term of this agreement. Accordingly, the following annual deductions shall be made from the ceilings applicable to the listed categories,

	<i>First Year</i>	<i>Second Year</i>	<i>Third Year</i>	<i>Fourth Year</i>
Category 5 (syds)	169,400	127,100	84,700	42,400
Category 19 (syds)	58,100	43,500	29,000	14,500
Categories 41-42 (doz)	5,600	4,200	2,800	1,300
Category 43 (doz)	2,800	2,100	1,400	700
Category 45 (doz)	700	500	300	200
Category 46 (doz)	4,700	3,500	2,300	1,200
Category 50 (doz)	2,100	1,600	1,100	500
Category 51 (doz)	300	200	200	100
Category 60 (doz)	7,100	5,300	3,500	1,800
Category 62 (lbs)	7,800	5,900	3,900	2,900
Category 63 (lbs)	23,800	17,900	11,900	5,900
Category 64 (syds)*	182,600	137,000	91,300	45,700

* To be deducted from group ceilings for "all other categories".

(14) In order that the effective dates of prior restraint actions terminating, pursuant to this agreement, on October 1, 1963 may be modified to coincide with the annual periods applicable in this agreement, the following additional deductions shall be made for the first year of the agreement from the specific ceilings listed in paragraphs 3 and 4 :

Category 5	120,166 syds.
Category 6	3,515 syds.
Category 18	407,056 syds.
Category 19	25,000 syds.
Category 41	10,666 doz.
Category 42	1,666 doz.
Category 43	1,666 doz.
Category 45	1,666 doz.
Category 49	3,034 doz.
Category 54	3,600 doz.
Category 55	500 doz.
Category 60	3,000 doz.
Category 64*	15,333 syds.

* To be deducted from group ceiling for "all other categories".

¹ Not printed by the Department of State of the United States of America.