

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.

If these proposals are acceptable to the Government of the Republic of China, this note and Your Excellency's note of acceptance on behalf of the Government of the Republic of China shall constitute an agreement between our Governments.

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

Jerauld WRIGHT

His Excellency Shen Chang-huan
Minister of Foreign Affairs
Taipei

A N N E X

SQUARE YARD EQUIVALENT CONVERSION FACTORS BY CATEGORY

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|---|-------------|--------------------------|
| 1 | Yarn, Carded, Singles | Lb. | 4.6 |
| 2 | Yarn, Carded, Plied | Lb. | 4.6 |
| 3 | Yarn, Combed, Singles | Lb. | 4.6 |
| 4 | Yarn, Combed, Plied | Lb. | 4.6 |
| 5 | Ginghams, Carded | Syd. | 1.0 |
| 6 | Ginghams, Combed | Syd. | 1.0 |
| 7 | Velveteens | Syd. | 1.0 |
| 8 | Corduroy | Syd. | 1.0 |
| 9 | Sheeting, Carded | Syd. | 1.0 |
| 10 | Sheeting, Combed | Syd. | 1.0 |
| 11 | Lawns, Carded Yarn | Syd. | 1.0 |
| 12 | Lawns, Combed Yarn | Syd. | 1.0 |
| 13 | Voiles, Carded Yarn | Syd. | 1.0 |
| 14 | Voiles, Combed Yarn | Syd. | 1.0 |
| 15 | Poplin and Broadcloth, Carded | Syd. | 1.0 |
| 16 | Poplin and Broadcloth, Combed | Syd. | 1.0 |
| 17 | Typewriter Ribbon Cloth | Syd. | 1.0 |
| 18 | Print Cloth Shirting, 80 × 80 Carded | Syd. | 1.0 |
| 19 | Printed Cloth Shirting, Other, Carded | Syd. | 1.0 |
| 20 | Shirting, Carded | Syd. | 1.0 |
| 21 | Shirting, Combed | Syd. | 1.0 |
| 22 | Twill and Sateen, Carded | Syd. | 1.0 |
| 23 | Twill and Sateen, Combed | Syd. | 1.0 |
| 24 | Yarn-Dyed Fab., Exc. Ginghams, Carded | Syd. | 1.0 |
| 25 | Yarn-Dyed Fab., Exc. Ginghams, Combed | Syd. | 1.0 |
| 26 | Fabrics, N.E.S. Carded | Syd. | 1.0 |
| 27 | Fabrics, N.E.S. Combed | Syd. | 1.0 |

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|--|-------------|--------------------------|
| 28 | Pillowcases, Plain, Carded | No. | 1.084 |
| 29 | Pillowcases, Plain, Combed | No. | 1.084 |
| 30 | Dish Towels | No. | .348 |
| 31 | Other Towels | No. | .348 |
| 32 | Handkerchiefs | Doz. | 1.66 |
| 33 | Table Damasks and Mfrs. | Lb. | 3.17 |
| 34 | Sheets, Carded | No. | 6.2 |
| 35 | Sheets, Combed | No. | 6.2 |
| 36 | Bedspreads and Quilts | No. | 6.9 |
| 37 | Braided and Woven Elastics | Lb. | 4.6 |
| 38 | Fishing nets | Lb. | 4.6 |
| 39 | Gloves and Mittens | Doz. Ps. | 3.527 |
| 40 | Hose and Half Hose | Doz. Prs. | 4.6 |
| 41 | M and B White T-Shirts | Doz. | 7.234 |
| 42 | Other T-Shirts | Doz. | 7.234 |
| 43 | Knitshirts Exc. T and Sweatshirts | Doz. | 7.234 |
| 44 | Sweaters and Cardigans | Doz. | 36.8 |
| 45 | M and B Shirts, Dress, Not Knit | Doz. | 22.186 |
| 46 | M and B Shirts, Sport, Not Knit | Doz. | 24.457 |
| 47 | M and B Shirts, Work, Not Knit | Doz. | 22.186 |
| 48 | Raincoats, $\frac{3}{4}$ Length or Over | Doz. | 50.0 |
| 49 | Other Coats | Doz. | 32.5 |
| 50 | M and B Trousers, Slacks and Shorts (Outer) | Doz. | 17.797 |
| 51 | W and Ch. Trousers, Slacks and Shorts (Outer) | Doz. | 17.797 |
| 52 | Blouses, Whether or Not in Sets | Doz. | 14.53 |
| 53 | W, Ch & Inf. Dresses (Inc. Uniforms) Not Knit | Doz. | 45.3 |
| 54 | Playsuits, Washsuits, Sun suits etc. | Doz. | 25.0 |
| 55 | Dressing Gowns, etc. Not Knit | Doz. | 51.0 |
| 56 | M and B Undershirts, Exc. T | Doz. | 9.2 |
| 57 | M and B Briefs and Undershorts | Doz. | 11.25 |
| 58 | Drawers, Shorts and Briefs, Exc. M and B, Knit | Doz. | 5.0 |
| 59 | Other Underwear, Not Knit or Crocheted | Doz. | 16.0 |
| 60 | Nightwear and Pyjamas | Doz. | 51.96 |

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|---|-------------|--------------------------|
| 61 | Brassieres and Other Body Supporting Garments . . . | Doz. | 4.75 |
| 62 | Other Knit or Crocheted Clothing | Lb. | 4.6 |
| 63 | Other Clothing, Not Knit or Crocheted | Lb. | 4.6 |
| 64 | All Other Cotton Textile Items | Lb. | 4.6 |

II

The Chinese Minister of Foreign Affairs to the American Ambassador

MINISTRY OF FOREIGN AFFAIRS
REPUBLIC OF CHINA

WAI(52)MEI-I-014638

Taipei, October 19, 1963

Excellency :

I have the honor to acknowledge receipt of your note of today's date proposing a bilateral arrangement concerning trade in cotton textiles between the Republic of China and the United States, which reads as follows :

[See note I]

I have the honor to confirm on behalf of the Government of the Republic of China that this bilateral arrangement is acceptable and that your Excellency's note and this note in reply shall constitute an agreement between our Governments.

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

C. H. SHEN

His Excellency Jerauld Wright
Ambassador of the United States of America
Taipei

RELATED LETTERS

I

*The Counselor for Economic Affairs, American Embassy, to the Secretary General,
Council for International Economic Cooperation and Development*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY
TAIPEI, TAIWAN, REPUBLIC OF CHINA

October 21, 1963

Dear Mr. Li :

I refer to the bilateral Agreement signed on October 19, 1963,¹ by representatives of our Governments on the subject of cotton textile exports from the Republic of China to the United States.

I understand that the Republic of China has made shipments since October 1, 1963 or has issued export authorizations, still outstanding, for shipments after October 1, 1963, amounting to 2,356,000 square yards of cotton textiles in Category 22 and to 1,900,000 square yards of cotton textiles in Category 24.

In Category 22, the foregoing amount shipped or licensed is 1,531,000 square yards in excess of the ceiling established for that category whereas paragraph 5 of the Agreement is applicable to Category 24, which paragraph provides for consultations in the event that the Republic of China desires to exceed an export level of 350,000 square yards during the period October 1, 1963 through September 30, 1964 in any category not subject to a specific ceiling.

The United States Government agrees to allow entry of these quantities into the United States upon the agreement of the Republic of China to provide compensation to the United States as set forth in the attachment to this letter.

I understand that the Republic of China will not grant any further authorizations for the export of cotton textiles to the United States in Categories 22 and 24 until October 1, 1964. I would appreciate your confirmation on behalf of your Government of these understandings.

Sincerely yours,

William K. MILLER
Counselor of Embassy for Economic Affairs

Mr. K. T. Li
Secretary General
Council for international Economic Cooperation
and Development (CIECD)
Taipei

¹ See p. 28 of this volume.

COMPENSATION ARRANGEMENT

The following amounts shall be deducted from the ceilings specified as compensation for shipments in Category 22 of 1,531,000 square yards in excess of the ceiling established for the year ending September 30, 1964 :

| Category | <i>Year and amount (in square yards)</i> | | |
|----------|--|--|--|
| | <i>Oct. 1, 1964 Sept. 30, 1965</i> | <i>Oct. 1, 1965 Sept. 30, 1966</i> | <i>Oct. 1, 1966 Sept. 30, 1967</i> |
| 5 | 19,987 | 19,987 | 17,131 |
| 6 | 8,091 | 8,091 | 6,935 |
| 9 | 376,596 | 376,596 | 322,796 |
| 15 | 11,039 | 11,039 | 9,462 |
| 18 | 16,021 | 16,021 | 13,733 |
| 19 | 4,662 | 4,662 | 3,996 |
| 22 | 18,326 | 18,326 | 15,708 |
| 23 | 13,343 | 13,343 | 11,438 |
| 26 | 67,785 | 67,785 | 58,101 |

The amount of 1,900,000 square yards shipped or to be shipped in Category 24 shall be deducted from the group ceiling established for "All Other Categories" for the year October 1, 1963 through September 30, 1964.

II

The Secretary General, Council for International Economic Cooperation and Development, to the Counselor for Economic Affairs, American Embassy

COUNCIL FOR INTERNATIONAL ECONOMIC COOPERATION AND DEVELOPMENT
EXECUTIVE YUAN
TAIPEI, TAIWAN, CHINA

Reference No. C2-63-0321

October 21, 1963

Mr. William K. Miller
Counselor for Economic Affairs
American Embassy, Taipei, Taiwan
Republic of China

Dear Mr. Miller :

I have received your letter of today which refers to the bilateral agreement on cotton textiles signed on October 19, 1963 by representatives of our Governments. Your letter proposes methods of compensating for shipments in Category 22 and Category 24 that were made or authorized by my Government to be made after October 1, 1963.

I wish to confirm on behalf of my Government the understandings set forth in your letter and its attachment and to confirm acceptance by my Government of all provisions therein.

Sincerely yours,

K. T. LI
Secretary General