

No. 9998

**UNITED STATES OF AMERICA
and
JAPAN**

**Exchange of notes constituting an arrangement concerning trade
in cotton textiles (with related letters). Washington, 12 Jan-
uary 1968**

Authentic text: English.

Registered by the United States of America on 1 November 1969.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAPON**

**Échange de notes constituant un accord relatif au commerce des
textiles de coton (avec lettres connexes). Washington, 12 janvier
1968**

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} novembre 1969.

EXCHANGE OF NOTES CONSTITUTING AN ARRANGEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND JAPAN CONCERNING TRADE IN COTTON TEXTILES

I

The Ambassador of Japan to the Secretary of State

EMBASSY OF JAPAN
WASHINGTON

January 12, 1968

Excellency:

I have the honor to refer to the decision, made on April 3, 1967, of the Cotton Textiles Committee of the General Agreement on Tariffs and Trade² approving a Protocol³ to extend through September 30, 1970 the Long-Term Arrangement Regarding International Trade in Cotton Textiles done in Geneva on February 9, 1962⁴ (hereinafter referred to as "the Long-Term Arrangement"). I have further the honor to refer to the discussions between 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 the 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, effected by the Exchange of Notes on August 27, 1963,⁵ as modified and extended by the Exchanges of Notes on May 19, 1965⁶ and on January 14, 1966⁷ (hereinafter referred to as "the 1963 Arrangement"), and to confirm, on behalf of the Government of Japan, the understandings reached between the two Governments that, pur-

¹ Came into force on 12 January 1968 with effect from 1 January 1968, in accordance with the provisions of the said notes.

² United Nations, *Treaty Series*, vol. 55, p. 187; for subsequent actions, see references in Cumulative Indexes Nos. 1 to 8, as well as Annex A in volumes 609, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 640, 651, 661, 662, 663, 664, 665, 668 and 690.

³ *Ibid.*, *Treaty Series*, vol. 620, p. 276.

⁴ *Ibid.*, vol. 471, p. 296. As registered by the Executive Secretary of the Contracting Parties to the General Agreement on Tariffs and Trade, this Arrangement is identified in the United Nations *Treaty Series* by the date of its entry into force, i.e. 1 October 1962.

⁵ *Ibid.*, *Treaty Series*, vol. 487, p. 197.

⁶ *Ibid.*, vol. 545, p. 362.

⁷ *Ibid.*, vol. 586, p. 276.

suant to the provisions of Article 4 of the Long-Term Arrangement as extended by the said Protocol, 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, 1968, taking the place of the 1963 Arrangement. This bilateral arrangement is based on our understanding that the above-mentioned protocol entered into force for our two Governments on October 1, 1967.

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 of America.

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

T. SHIMODA

Enclosure:

Arrangement ¹

His Excellency Dean Rusk
Secretary of State of the United States of America

**ARRANGEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE
GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERN-
ING TRADE IN COTTON TEXTILES BETWEEN JAPAN AND THE
UNITED STATES**

Pursuant to the provisions of Article 4 of the Long-Term Arrangement, 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, 1968.

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 Government of the United States of America shall cooperate with the Government of Japan in promoting orderly development of trade in cotton textiles between Japan and the United States, and

¹ See below.

- (b) The Government of Japan will maintain, for the period of three years beginning January 1, 1968, annual aggregate limits 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 the Arrangement.

2. The annual aggregate limit for 1968 shall be 373,077 thousand equivalent square yards. This limit shall be subdivided into four major groups as follows:

| | | <i>Thousand Equivalent Square Yards</i> |
|-----|--|---|
| (a) | Group I Cotton cloth | 162,856 |
| | Group II Made-up goods, usually included in U.S. cotton broad woven goods production | 53,204 |
| | Group III Apparel | 144,040 |
| | Group IV Miscellaneous cotton textiles | 12,977 |
| (b) | Within these major groups, annual limits or ceilings for specific products are set forth in Annex A. Within the annual aggregate limit, the limits for Groups I, II, and IV may be exceeded by not more than 10 per cent, and the limit for Group III may be exceeded by not more than 5 per cent. | |
| (c) | Each group set forth above shall be deemed to contain the following Categories which are defined in Annex B: | |
| | Group I Categories 5 through 27, and part of Category 32 (i.e. dedicated handkerchief cloth). | |
| | Group II Categories 28 through 31, 33 through 36, and parts of Categories 32 (except for dedicated handkerchief cloth) and 64 (as specified in paragraph 6 of Annex A). | |
| | Group III Categories 39 through 62, and part of Category 63 (as specified in paragraph 6 of Annex A). | |
| | Group IV Categories 1 through 4, 37, 38, and parts of Categories 63 and 64 (as specified in paragraph 6 of Annex A). | |

3. The annual aggregate limit for 1969 and for each subsequent year shall be increased by 5 per cent over the aggregate limit for the preceding year. These annual increases shall be applied to each limit for the groups and to each limit or ceiling within the groups.

4. (a) After the first agreement year, for any agreement year immediately following a year of a shortfall (i.e., a year in which cotton textile exports from Japan to the United States were below the aggregate limit and any group and specific limit and ceiling applicable to the category concerned) the Government of Japan

may permit exports to exceed the aggregate, group and specific limits and ceilings by carryover in the following amounts and manner:

- (i) The carryover shall not exceed the amount of the shortfall in either the aggregate limit or any applicable group or specific limit or ceiling 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 other than the specific limit for "all other" categories or "other" categories, and in the case of shortfalls in the categories subject to specific ceilings, the carryover shall not exceed 5 per cent of the specific limit or ceiling 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 covered in subparagraph (ii) of this subparagraph, the carryover shall be used in the same group in which the shortfall occurred, may be used to exceed the specific limit in which the shortfall occurred but shall not be used to exceed any other applicable specific limit, except in accordance with the provisions of paragraph 5 of Annex A, and shall be subject to the provisions of paragraph 6 of this Arrangement and subparagraph 1 (b) of Annex A.
- (b) The limits and ceilings referred to in subparagraph (a) of this paragraph are without any adjustments under this paragraph or subparagraph 2 (b) above, or subparagraphs 1 (d), 2 (b), 3 (b), or 4 (b) or paragraph 5 of Annex A except that for the purpose of this paragraph only the level of each group limit shall be deemed to be the maximum amount that Japan could have exported in that group pursuant to subparagraph 2 (b) above.
- (c) The carryover shall be in addition to the exports permitted under subparagraph 2 (b) above, and subparagraphs 1 (d), 2 (b), 3 (b), or 4 (b), and paragraph 5 of Annex A.

5. In the implementation of this Arrangement, the system of categories and the rates of conversion into square yards equivalent listed in Annex B shall apply.

6. (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 market, the Government of the United States of America may request in writing consultations with the Government of Japan 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 Government of Japan will maintain exports in the products in question on a quarterly basis at annual levels not in excess of 105 per cent of the exports of such products during the twelve most recent months for which relevant export data are available to both Governments.

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

7. In recognition of the desire of the Government of the United States of America that excessive concentration in a short period of the year of the exports of particular products from Japan to the United States should be avoided, the Government of Japan will distribute exports from Japan to the United States of particular products equally by quarters as far as practicable and as necessary to meet seasonal demands.

8. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Arrangement including differences in points of procedure or operation.

9. 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 Government of the United States of America shall supply the Government of Japan with data on monthly imports of cotton textiles from Japan as well as from third countries, and the Government of Japan shall supply the Government of the United States of America with data on monthly exports of cotton textiles to the United States.

10. As regards products in any category under specific limits or ceilings specified in this Arrangement, the Government of the United States of America

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 Government of Japan once a year with 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.

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

12. The two Governments understand that the terms and conditions of the Long-Term Arrangement shall be applicable to trade in cotton textiles between Japan and the United States except as provided in this Arrangement. The Government of the United States of America 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 Government of the United States of America shall not invoke Article 3 of the Long-Term Arrangement with respect to such products.

13. (a) This Arrangement shall continue in force through December 31, 1970, provided that either Government may terminate this Arrangement prior thereto effective at the beginning of a calendar year by giving sixty-day's 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 162,856 thousand square yards for Group I "Cotton cloth" during 1968:

| | <i>Thousand Square Yards</i> |
|---|----------------------------------|
| (1) Gingham (Categories 5 & 6) | 59,952 |
| (2) Velveteens (Category 7) | 3,569 |
| (3) Typewriter ribbon cloth (Category 17) | 1,281 |
| (4) All other Fabrics (Categories 8 through 16, 18 through 27 & part of Category 32, i.e. dedicated handkerchief cloth) | 98,054 |

(b) In the event that (1) exports from Japan of "Ginghams, combed" should substantially exceed 75 per cent of the limit for "Ginghams" or exports from Japan of "All other Fabrics" made from combed warp and filling should substantially exceed 44,964 thousand square yards for 1968 and the volume calculated by adjusting the above figure in accordance with the provisions of paragraph 3 of the Arrangement for each subsequent year, and (2) as a result of this excess, such exports should cause or threaten to cause disruption of the United States domestic market, the Government of the United States of America may request, in the manner set forth in paragraph 6 of the Arrangement, consultations with the Government of Japan to determine an appropriate course of action. During the course of such consultations, the Government of Japan will maintain exports in the products in question at the same levels as those mentioned in subparagraph 6 (b) of the Arrangement.

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

| | <i>Thousand Square Yards</i> |
|---|----------------------------------|
| (1) Duck (Part of Categories 26 & 27) | 2,271 |
| (2) Yarn-dyed dedicated handkerchief cloth, n.e.s. (Part of Category 32) | 2,920 |

(d) Any shortfall below the limits specified in (1), (2) and (3) of subparagraph 1 (a) may be transferred to (4)—"All other Fabrics".

2. (a) The following specific limits shall apply within the total annual limit of 53,204 thousand square yards for Group II—"Made-up goods, usually included in U.S. cotton broad woven goods production" during 1968:

| | <i>Unit</i> | <i>No.</i> |
|---|----------------------|------------|
| (1) Pillowcases, plain (Categories 28 & 29) | 1,000 nos. | 7,007 |
| (2) Handkerchief, except for dedicated handkerchief cloth (Part of Category 32) . . | 1,000 doz. | 1,635 |
| (3) Sheets (Categories 34 & 35) | 1,000 nos. | 3,815 |
| (4) All Other Made-Up Goods (Categories 30, 31, 33, 36 & part of Category 64 as specified in paragraph 6 below) | 1,000 syd. equiv. | 19,241 |

(b) Any shortfall below the limits specified in (1), (2), and (3) of subparagraph 2 (a) may be transferred to (4)—“ All Other Made-Up Goods ”.

3. (a) The following specific limits shall apply within the total annual limit of 144,040 thousand square yards for Group III—“ Apparel ” during 1968:

| | <i>Unit</i> | <i>No.</i> |
|--|----------------------|------------|
| (1) T-Shirts, knit (Categories 41 & 42) . . | 1,000 doz. | 694 |
| (2) Knitshirts, other than T and sweatshirts (Category 43). | 1,000 doz. | 1,050 |
| (3) Men's and boys' shirts, dress, not knit or crocheted (Category 45) | 1,000 doz. | 496 |
| (4) Men's and boys' shirts, sport, whether or not in sets, not knit or crocheted (Category 46). | 1,000 doz. | 931 |
| (5) Raincoats $\frac{3}{4}$ length and over (Cate- gory 48) | 1,000 doz. | 78 |
| (6) All other coats (Category 49) | 1,000 doz. | 156 |
| (7) Trousers, slacks and shorts, outer, whether or not in sets, not knit or cro- cheted (Categories 50 & 51) | 1,000 doz. | 1,946 |
| (8) Blouses, whether or not in sets, not knit or crocheted (Category 52) | 1,000 doz. | 2,303 |
| (9) Dresses, not knit or crocheted (Cate- gory 53) | 1,000 doz. | 58 |
| (10) Playsuits, sunsuits, washsuits, rompers, creepers, etc., not knit or crocheted (Category 54). | 1,000 doz. | 234 |
| (11) Nightwear and pajamas (Category 60) | 1,000 doz. | 156 |
| (12) All Other Apparel (Categories 39, 40, 44, 47, 55 through 59, 61, 62 and part of Category 63 as specified in paragraph 6 below) | 1,000 syd. equiv. | 4,001 |

(b) Any shortfall below the limits specified in (1) through (11) of subparagraph 3 (a) may be transferred to (12)—“All Other Apparel”.

(c) Within the specific limit of 1,946 thousand dozen for “Trousers, slacks and shorts, outer, whether or not in sets, not knit”, the following specific ceilings shall not be exceeded during 1968:

| | <i>Unit</i> | <i>No.</i> |
|---|-------------|------------|
| (1) Men's and boys' (Category 50) | 1,000 doz. | 649 |
| (2) Women's, misses' and children's (Category 51) | 1,000 doz. | 1,509 |

(d) The aggregate volume of exports of the following apparel items manufactured of corduroy, where the chief weight of the item is corduroy, shall be limited to 27,705 thousand square yards equivalent for 1968 and the volume calculated by adjusting the above figure in accordance with the provisions of paragraph 3 of the Arrangement for each subsequent year, based upon the conversion factors for the items in question which appear in Annex B:

| <i>Category No.</i> | <i>Description</i> |
|---------------------|--------------------|
| 46 | Sportshirts |
| 49 | All other coats |
| 50-51 | Trousers |
| 54 | Playsuits |

4. (a) The following specific limits shall apply within the total annual limit of 12,977 thousand square yards for Group IV—“Miscellaneous cotton textiles” during 1968:

| | <i>Unit</i> | <i>No.</i> |
|---|----------------------|------------|
| (1) Zipper tapes, n.e.s. (Schedule A, No. 3230273) | 1,000 lbs. | 1,051 |
| (2) Other (Categories 1 through 4, 37, 38 parts of Categories 63 and 64 as specified in paragraph 6 below). | 1,000 syd. equiv. | 8,142 |

(b) Any shortfall below the limit specified in (1) subparagraph 4 (a) may be transferred to (2)—“Other”.

5. Within the annual aggregate limit and the limitation for each group provided for in paragraph 2 of the Arrangement, the limits and ceilings set for specific products may be exceeded by not more than 5 per cent.

6. With regard to Categories 63 and 64 referred to in subparagraph 2 (c) of the Arrangement and in subparagraph 2, 3 and 4 of this Annex, the following items or products as identified by Schedule A numbers shall be included:

CATEGORY 63 (To be included in Group III except as noted otherwise)

| | | | | | | | |
|------|------------------|------|-----|------|-----|------|------------------|
| 3113 | 000 ¹ | 3113 | 971 | 3114 | 165 | 3114 | 715 ¹ |
| 3113 | 362 | 3113 | 972 | 3114 | 175 | 3114 | 720 ¹ |
| 3113 | 365 | 3113 | 973 | 3114 | 180 | 3114 | 895 |
| 3113 | 958 ¹ | 3113 | 974 | 3114 | 225 | 3114 | 900 |
| 3113 | 962 ¹ | 3113 | 975 | 3114 | 235 | 3114 | 905 |
| 3113 | 965 | 3113 | 995 | 3114 | 240 | 3114 | 925 |
| 3113 | 969 | 3114 | 001 | 3114 | 245 | 3114 | 950 |
| 3113 | 970 | 3114 | 155 | 3114 | 255 | 3114 | 955 |

Part of:

| | |
|------|------------------|
| 3113 | 997 ³ |
| 3113 | 998 ³ |
| 3114 | 260 ³ |
| 3114 | 960 ³ |
| 3114 | 965 ³ |

i.e.,

| | |
|--|--------------------------------|
| Pullovers | Diaper sets |
| Aprons | Scarves |
| Altar cassocks | Dress shields ¹ |
| Beach wear sets | Sash belts ¹ |
| Swim wear | Apparel with bib |
| Baseball uniforms | Bibs ¹ |
| Sleeping bags (for infants) | Belts for apparel ¹ |
| Halters | Shoulder straps for |
| Men's and boys' (coveralls and overalls) | brassieres ¹ |

CATEGORY 64 (To be included in Group IV except as noted otherwise)

| | | | | | | | |
|------|-----|------|------------------|------|-----|------|-----|
| 3030 | 000 | 3118 | 200 ² | 3168 | 001 | 3224 | 050 |
| 3030 | 100 | 3124 | 200 ² | 3168 | 002 | 3224 | 100 |
| 3081 | 510 | 3134 | 200 ² | 3168 | 003 | 3224 | 150 |
| 3081 | 530 | 3144 | 200 ² | 3168 | 004 | 3224 | 200 |
| 3081 | 600 | 3154 | 200 ² | 3168 | 005 | 3224 | 300 |

¹ For footnotes 1 and 3, see p. 176.

| | | | | | | | |
|------|------------------|------|------------------|------|------------------|------|----------------------------|
| 3081 | 710 ² | 3158 | 020 ² | 3168 | 006 | 3224 | 500 |
| 3081 | 730 ² | 3158 | 120 ² | 3168 | 007 | 3230 | 240 |
| 3081 | 812 ² | 3159 | 020 ² | 3168 | 008 | 3230 | 273 |
| 3081 | 815 ² | 3159 | 120 ² | 3168 | 009 | 3230 | 350 |
| 3081 | 818 | 3163 | 001 | 3168 | 010 | 3230 | 401 |
| 3081 | 852 ² | 3163 | 002 | 3200 | 012 ² | 3230 | 410 |
| 3081 | 855 ² | 3163 | 003 | 3200 | 015 ² | 3230 | 431 |
| 3081 | 858 | 3163 | 004 | 3200 | 400 ² | 3230 | 500 ² |
| 3081 | 912 ² | 3163 | 005 | 3220 | 130 ² | 3230 | 682 ² |
| 3081 | 915 ² | 3163 | 006 | 3220 | 202 ² | 3230 | 685 ² |
| 3081 | 918 ² | 3163 | 580 ² | 3220 | 205 ² | 3230 | 688 ² |
| 3083 | 500 ² | 3163 | 600 ² | 3220 | 207 ² | 3903 | 300 |
| 3083 | 700 ² | 3163 | 690 ² | 3220 | 212 ² | 3969 | 010 |
| 3083 | 900 ² | 3166 | 000 | 3220 | 862 | 3230 | 232 |
| 3084 | 112 ² | 3166 | 200 | 3220 | 865 | 3230 | 235 |
| 3084 | 400 ² | 3166 | 300 | 3220 | 868 | 3230 | 278 |
| 3086 | 600 ² | 3166 | 692 | 3224 | 000 | 9439 | 950 (excluding in sets) |
| 3086 | 730 | 3166 | 695 | | | | |

ANNEX B

Definition of categories of cotton textiles

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|---|-------------|--------------------------|
| 1 | Cotton yarn, singles, carded, not ornamented, etc. | lb. | 4.6 |
| 2 | Cotton yarn, plied, carded, not ornamented, etc. | lb. | 4.6 |
| 3 | Cotton yarn, singles, combed, not ornamented, etc. | lb. | 4.6 |
| 4 | Cotton yarn, plied, combed, not ornamented, etc. | lb. | 4.6 |
| 5 | Ginghams, carded yarn | syd. | 1.0 |
| 6 | Ginghams, combed yarn | syd. | 1.0 |

¹ These items or products shall be included in Group IV.

² These items shall be included in Group II.

³ The two Governments shall consult as to whether or not any product other than the seventeen products enumerated below the footnoted items may be classified as an addition to these items. Such consultations shall not cover shoe uppers, Japan items, belts (other than sash belts and belts for apparel), suspenders and braces.

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|--|-------------|--------------------------|
| 7 | Velveteens | syd. | 1.0 |
| 8 | Corduroy | syd. | 1.0 |
| 9 | Sheeting, carded yarn | syd. | 1.0 |
| 10 | Sheeting, combed yarn | 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 yarn | syd. | 1.0 |
| 16 | Poplin and broadcloth, combed yarn | syd. | 1.0 |
| 17 | Typewriter ribbon cloth | syd. | 1.0 |
| 18 | Print cloth, shirting type, 80 × 80 type, carded yarn | syd. | 1.0 |
| 19 | Print cloth, shirting type, other than 80 × 80 type, carded yarn | syd. | 1.0 |
| 20 | Shirting, carded yarn | syd. | 1.0 |
| 21 | Shirting, combed yarn | syd. | 1.0 |
| 22 | Twill and sateen, carded yarn | syd. | 1.0 |
| 23 | Twill and sateen, combed yarn | syd. | 1.0 |
| 24 | Yarn-dyed fabrics, n.e.s., carded yarn | syd. | 1.0 |
| 25 | Yarn-dyed fabrics, n.e.s., combed yarn | syd. | 1.0 |
| 26 | Fabrics, n.e.s., carded yarn | syd. | 1.0 |
| 27 | Fabrics, n.e.s., combed yarn | syd. | 1.0 |
| 28 | Pillowcases, plain, carded yarn | no. | 1.084 |
| 29 | Pillowcases, plain, combed yarn | no. | 1.084 |
| 30 | Dish towels | no. | .348 |
| 31 | Towels, other than dish towels | no. | .348 |
| 32 | Handkerchiefs | doz. | 1.66 |
| 33 | Table damasks and manufactures | lb. | 3.17 |
| 34 | Sheets, carded yarn | no. | 6.2 |
| 35 | Sheets, combed yarn | no. | 6.2 |
| 36 | Bedspreads, including quilts | no. | 6.9 |
| 37 | Braided and woven elastics | lb. | 4.6 |
| 38 | Fishing nets | lb. | 4.6 |
| 39 | Gloves and mittens | doz. | 3.527 |
| 40 | Hose and half hose | doz. pr. | 4.6 |
| 41 | Men's and boys' all white T-shirts, knit or crocheted | doz. | 7.234 |
| 42 | Other T-shirts | doz. | 7.234 |

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|--|-------------|--------------------------|
| 43 | Knitshirts, other than T-shirts and Sweatshirts (including infants) | doz. | 7.234 |
| 44 | Sweaters and cardigans | doz. | 36.8 |
| 45 | Men's and boys' shirts, dress, not knit or crocheted | doz. | 22.186 |
| 46 | Men's and boys' shirts, sport, not knit or crocheted | doz. | 24.457 |
| 47 | Men's and boys' shirts, work, not knit or crocheted | doz. | 22.186 |
| 48 | Raincoats, $\frac{3}{4}$ length or over | doz. | 50.0 |
| 49 | All other coats | doz. | 32.5 |
| 50 | Men's and boys' trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted | doz. | 17.797 |
| 51 | Women's, misses' and children's trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted | doz. | 17.797 |
| 52 | Blouses, whether or not in sets | doz. | 14.53 |
| 53 | Women's, misses', children's, and infants' dresses (including nurses' and other uniform dresses), not knit or crocheted | doz. | 45.3 |
| 54 | Playsuits, sunsuits, washsuits, creepers, rompers, etc. (except blouses and shorts; blouses and trousers; or blouses, shorts and skirt sets) | doz. | 25.0 |
| 55 | Dressing gowns, including bathrobes and beachrobes, lounging gowns, dusters and housecoats, not knit or crocheted | doz. | 51.0 |
| 56 | Men's and boys' undershirts (not T-shirts) | doz. | 9.2 |
| 57 | Men's and boys' briefs and undershorts | doz. | 11.25 |
| 58 | Drawers, shorts and briefs (except men's and boys' briefs), knit or crocheted | doz. | 5.0 |
| 59 | All other underwear, not knit or crocheted | doz. | 16.0 |

| <i>Category</i> | <i>Description</i> | <i>Unit</i> | <i>Conversion Factor</i> |
|-----------------|---|-------------|--------------------------|
| 60 | Nightwear and pajamas | doz. | 51.96 |
| 61 | Brassieres and other body supporting garments | doz. | 4.75 |
| 62 | Other knitted or crocheted clothing | lb. | 4.6 |
| 63 | Other clothing, not knit or crocheted | lb. | 4.6 |
| 64 ¹ | All other cotton textile items | lb. | 4.6 |

II

DEPARTMENT OF STATE
WASHINGTON

January 12, 1968

Excellency:

I have the honor to acknowledge receipt of your note of today's date and the bilateral arrangement attached thereto concerning trade in cotton textiles between Japan and the United States which reads as follows:

[See note I]

I have further the honor to confirm the foregoing understandings on behalf of the Government of the United States of America.

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

For the Secretary of State:

Anthony M. SOLOMON

Enclosure:

Arrangement ²

His Excellency Takeso Shimoda
Ambassador of Japan

¹ Floor coverings shall be measured by actual square yardages.

² See p. 158 of this volume.

RELATED LETTERS

I

DEPARTMENT OF STATE
WASHINGTON

January 12, 1968

Dear Mr. Ambassador:

With reference to the Arrangement between the Government of the United States of America and the Government of Japan concerning trade in cotton textiles between Japan and the United States effected by the Exchange of Notes today, I wish to inform you of the following views and intentions of the Government of the United States of America.

1. With reference to paragraph 6 (b) of the Arrangement, the Government of the United States of America recognizes that exports of the end products containing fabrics potentially falling under the so-called concentration clause are themselves subject to limits established in Annex A of the Arrangement. It further recognizes that changing demands in the United States market may, from time to time, lead to changes in the types of fabric appearing in imports into the United States. Considering these and other circumstances, the Government of the United States of America does not intend to invoke paragraph 6 (b) on any type of fabric except in the case of a sharp and substantial increase from present levels in imports from Japan of that fabric in the form of end items. It is to be understood that a sharp and substantial increase would be considered to apply only in those cases where present levels of imports from Japan of the fabric concerned in the form of end items already are in substantial volume in relation to total consumption in the United States.

In any event, the Government of the United States of America would give the Government of Japan advance notice prior to any invocation of the clause under discussion.

2. The Government of the United States of America wishes to assure the Government of Japan that its policy is to maintain a uniform system of classification for cotton textiles at all ports of entry. Should any difficulties arise in the implementation of the Arrangement relating to the classification of any cotton textile product, including Categories 45 and 46, at any of the several ports of entry in the United States, the Government of the United

States of America, on being advised of these problems by the Government of Japan, will investigate and will take whatever steps may be necessary to correct such difficulties.

I should be grateful if you would acknowledge the receipt of this letter on behalf of your Government.

Sincerely yours,

Anthony M. SOLOMON

Assistant Secretary of State for Economic Affairs

His Excellency Takeso Shimoda
Ambassador of Japan

II

EMBASSY OF JAPAN
WASHINGTON

January 12, 1968

Dear Mr. Solomon:

I acknowledge, on behalf of my Government, receipt of your letter of January 12, 1968 which reads as follows:

[*See letter I*]

Sincerely yours,

T. SHIMODA

The Honorable Anthony M. Solomon,
Assistant Secretary of State for Economic Affairs
Department of State

III

DEPARTMENT OF STATE
WASHINGTON

January 12, 1968

Dear Mr. Ambassador:

On the occasion of the Exchange of Notes effecting thereby the Arrangement between the Government of the United States of America and the Government of Japan concerning trade in cotton textiles between Japan and the United States, I wish to state that there are certain items not included in Annex A of the Arrangement but which are classified as "cotton textiles" by the Government of the United States of America. A list of these items, identified by the numbers of the United States "Schedule A", in effect as of August 30, 1963, is attached to this letter. It is the understanding of the Government of the United States of America that the Government of Japan does not consider some of the products within the first 22 items to be cotton textiles and does not consider any of the last 7 items to be cotton textiles.

Nevertheless, in the event imports from Japan in any of the items or products enumerated in the attached list should cause or threaten to cause disruption of the United States domestic market, the Government of the United States of America may request consultations with the Government of Japan for the purpose of finding an appropriate course of action.

The consultations shall be conducted in the manner provided in paragraph 6 of the Arrangement if the item or product in question is considered a cotton textile by the Government of Japan, or in any other manner agreeable to both Governments if the item or product in question is not considered a cotton textile by the Government of Japan. The Government of Japan shall promptly notify the Government of the United States of America whether or not it considers the item or product in question to be a cotton textile.

While the Government of the United States of America agrees and prefers to seek a mutually satisfactory solution through the means mentioned above, it reserves its right, if such a settlement cannot be reached expeditiously, to invoke Article 3 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962, and extended through September 30, 1970, concerning the items or products enumerated in the attached list.

I should be grateful if you would confirm these understandings if they are acceptable to your Government.

Sincerely yours,

Anthony M. SOLOMON

Assistant Secretary of State for Economic Affairs

Attachment

His Excellency Takeso Shimoda
Ambassador of Japan

ATTACHMENT

| | | | | | |
|------|------|-----|------|------|------------------|
| (1) | 2061 | 400 | (16) | 3971 | 210 |
| (2) | 3224 | 800 | (17) | 3971 | 430 |
| (3) | 3224 | 900 | (18) | 3113 | 997 ¹ |
| (4) | 3226 | 110 | (19) | 3113 | 998 ¹ |
| (5) | 3226 | 300 | (20) | 3114 | 260 ¹ |
| (6) | 3230 | 238 | (21) | 3114 | 960 ¹ |
| (7) | 3230 | 275 | (22) | 3114 | 965 ¹ |
| (8) | 3230 | 277 | (23) | 2061 | 000 |
| (9) | 3230 | 352 | (24) | 2067 | 610 |
| (10) | 3230 | 451 | (25) | 2067 | 710 |
| (11) | 3230 | 712 | (26) | 3224 | 700 |
| (12) | 3970 | 010 | (27) | 3230 | 461 |
| (13) | 3971 | 010 | (28) | 3230 | 670 |
| (14) | 3971 | 020 | (29) | 9439 | 950 |
| (15) | 3971 | 110 | | | (in sets only) |

¹ Part of these items included, i.e. shoe uppers, belts (other than sash belts and belts for apparel), suspenders and braces.

IV

EMBASSY OF JAPAN
WASHINGTON

January 12, 1968

Dear Mr. Solomon:

I acknowledge receipt of your letter of January 12, 1968 which reads as follows:

[*See letter III*]

With regard to the above-stated understandings of the Government of the United States of America, I wish to confirm, on behalf of my Government, that these are also the understandings of the Government of Japan with the following reservation.

In the event the Government of the United States of America exercises its right to invoke Article 3 of the Long-Term Arrangement, the Government of Japan may exercise its rights as an exporting country in accordance with the various relevant provisions of the Long-Term Arrangement, including the right to bring questions of interpretation or application of the Long-Term Arrangement to the GATT Cotton Textiles Committee in accordance with Article 8 of the Long-Term Arrangement.

Sincerely yours.

T. SHIMODA

The Honorable Anthony M. Solomon
Assistant Secretary of State for Economic Affairs
Department of State

V

January 12, 1968

Dear Mr. Ambassador:

I have the honor to confirm, on behalf of my Government, the following understandings between the two Governments with reference to the 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 effected by the Exchange of Notes today.

1. With reference to Annex A of the Arrangement, if any problem arises regarding the classification in the implementation of the Arrangement, the two Governments shall consult each other with a view to finding an appropriate solution. Particularly, when questions arise whether certain products fall within the scope of Annex A, the two Governments shall study such questions taking into account, *inter alia*, such international standards as B.T.N. * and S.I.T.C. **

2. In order to avoid unnecessary work and difficulties, no change will be made in the classification of cotton textiles in the implementation of this Arrangement, except for such minor modifications relating to the classification of textiles into categories as are mutually agreed to as desirable for effective implementation of the Arrangement.

I should be grateful if you would confirm these understandings if they are acceptable to your Government.

Sincerely yours,

Anthony M. SOLOMON

Assistant Secretary of State for Economic Affairs

His Excellency Takeso Shimoda
Ambassador of Japan

VI

EMBASSY OF JAPAN
WASHINGTON

January 12, 1968

Dear Mr. Solomon:

I acknowledge receipt of your letter of January 12, 1968 which reads as follows:

[See letter V]

* Nomenclature for the Classification of Goods in Customs Tariffs of the Customs Co-operation Council (Brussels).

** United Nations Standard International Trade Classification.

I wish to confirm on behalf of my Government the understandings set forth in your letter.

Sincerely yours,

T. SHIMODA

The Honorable Anthony M. Solomon
Assistant Secretary of State for Economic Affairs
Department of State

VII

January 12, 1968

Dear Mr. Ambassador:

I have the honor to confirm, on behalf of my Government, the following understanding between the two Governments with reference to the 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 effected by the Exchange of Notes today.

The Governments recognize that the Government of the United States of America now employs the TSUSA * in its basic classification system for cotton textiles and no longer employs Schedule A. They agree that it is desirable to change the classification of cotton textile products in this Arrangement to conform with the TSUSA classification. They have established a working party to change the Schedule A classification appearing in this Arrangement to the TSUSA classification, and agree that this change should be completed as soon as a mutually acceptable conclusion is reached.

I should be grateful if you would confirm this understanding if it is acceptable to your Government.

Sincerely yours,

Anthony M. SOLOMON

Assistant Secretary of State for Economic Affairs

His Excellency Takeso Shimoda
Ambassador of Japan

* Tariff Schedules of the United States Annotated.

VIII

EMBASSY OF JAPAN
WASHINGTON

January 12, 1968

Dear Mr. Solomon:

I acknowledge, on behalf of my Government, receipt of your letter of January 12, 1968, which reads as follows:

[*See letter VII*]

I wish to confirm on behalf of my Government the understanding set forth in your letter.

Sincerely yours,

T. SHIMODA

The Honorable Anthony M. Solomon,
Assistant Secretary of State for Economic Affairs
Department of State

IX

EMBASSY OF JAPAN
WASHINGTON

January 12, 1968

Dear Mr. Solomon:

With reference to Annex A of the 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 effected by the Exchange of Notes today, I wish to state our understanding that the exports of uniquely Japanese products called "Japan Items" shall not be included in Annex A of the Arrangement. The attachment to this letter provides for the definition of "Japan Items" and enumerates those products which have been and are likely to be exported to the United States as "Japan Items". Additional items may be added to the above attachment through agreement after consultations as may become necessary in the future.

It is further understood that the exports of "Japan Items" shall be made with certification by the Government of Japan. In the event that the Government of the United States of America finds that any particular products imported from Japan as "Japan Items" should not be properly classified as such, the Government of the United States of America may request consultations with the Government of Japan with a view to finding the appropriate classification of the products in question within Annex A of the Arrangement.

I should be grateful if you would confirm these understandings if they are acceptable to your Government.

Sincerely yours,

T. SHIMODA

Attachment

The Honorable Anthony M. Solomon
Assistant Secretary of State for Economic Affairs
Department of State

ATTACHMENT

1. *Definition of "Japan Items"*

"Japan Items" to be kept outside Annex A of the said Arrangement are the items which are uniquely Japanese products. Whether a particular product should be considered as "Japan Items" or not will be determined on the basis of the following criterion:

Designed for the use in the traditional Japanese way of life, wearing "Kimono", living in "Tatami" rooms, decorating for traditional Japanese ceremonies or festivals, playing Japanese sports, etc. In other words, not in use in the regular western way of life except for hobbies or special likings.

2. List of "Japan Items"

The names of the items which have been and are likely to be exported as "Japan Items" are as follows:

(a) CLOTH

- Kimono. Traditional Japanese style dress.
- Yukata A type of Kimono, summer-wear made of Yukata-Ji (Plain-woven light fabrics printed in simple colors).
- Juban. Underwear for Kimono, fundamentally same style as Kimono.
- Haori. Overcoat for Kimono, usually less than $\frac{3}{4}$ length.
- Wafukukoto. Raincoat or duster coat to be worn over Kimono, basically same style as Kimono, different from Haori in not being open in front and longer than $\frac{3}{4}$ length.
- Happi Workers' overcoat, similar style with Haori but not dressy.
- Judogi Kimono-style sports wear for Judo, usually accompanied by slim and $\frac{3}{4}$ length trousers and by belts.
- Kendogi Kimono-style sports wear for Kendo, usually accompanied by Hakama (men's skirts, full length). Different from Judogi in being lighter, tighter and half-sleeves.
- Kappogi Apron to be worn over Kimono with broad sleeves, chest and shoulders covered.
- Momohiki. Carpenters' or Rikishamen's trousers, often cover-alls to be worn in combination with Happi. Different from western style trousers in being extremely light and small in lower ends, usually black in color. Combination sets of Happi and Momohiki are often traded as "Carpenter Apparel".
- Sashiko Quilted coat which is almost like Happi, typically used by firemen.

(b) CLOTHING ACCESSORIES

- Obi. (1) Wide thick belts for Kimono, usually a few inches wide or more.

(2) Wide, thin belts for men's Kimono or Yukata, both longer than western style belts by a few times.

(3) Judo belts, narrow but approximately twice as wide and longer than western style belts, no buckles.

- Obishime Woven decorative belt to be used on top of the Obi (1) above.
- Tabi Socks to be worn when one wears "kimono" made of woven fabrics, tightly in the form of foot, having a separate division for the big toe. Reaches just above the ankle and is fastened at the back by means of an overlap having metal hook tabs.
- Koshihimo Narrow, soft belt to be used between Obi and Kimono, or Kimono and Juban.
- Eri-sugata A length of stiff cotton cloth to be sewn inside "Eri" collar to give a form or shape.
- Sode-guchi Extra broad sleeves which are based on the short sleeves of Juban.
- Homae-kake Men's working apron, thick and heavy. Big in size, usually simple in color.

(c) HOUSEHOLD GOODS

- Futon Japanese style bedding, mattress and thick, large blankets. Mattress different from western style in the stuffing much softer and the covering cloth lighter. Blankets are as thick as an inch or more, also with soft stuffing.
- Futon-Cover Cover for "Futon". Different from sheets as it covers the stuffing directly, also different in sizes as it is made to contain voluminous stuffing, usually printed or dyed.
- Zabuton Cushion to sit on in Japanese "Tatami" rooms. Approximately a yard square, a few inches thick with soft stuffing.
- Furoshiki Wrapping cloth of about one and a half yard square. Different from scarf in the thickness of the fabric.

- Koinobori. Artificial carp to fly on top of a long pole on the occasion of " Boys' Festival " in the Japanese custom.
- Noren Shop curtain to hang at the entrance of shops, short, with vertical cuts in several parts.
- Tenugui. Oblong towel, woven, usually with Japanese decorative design.

X

January 12, 1968

Dear Mr. Ambassador:

I acknowledge receipt of your letter of today, which reads as follows:

[See letter IX]

I wish to confirm on behalf of my Government the understandings set forth in your letter.

Sincerely yours,

Anthony M. SOLOMON

Assistant Secretary of State for Economic Affairs

His Excellency Takeso Shimoda
Ambassador of Japan