

No. 12815

**UNITED STATES OF AMERICA
and
JAPAN**

Exchange of notes constituting an agreement confirming the Arrangement relating to trade in wool and man-made fiber textiles between Japan and the United States (with attached arrangement and related notes). Washington, 3 January 1972

Authentic text: English.

Registered by the United States of America on 21 November 1973.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAPON**

Échange de notes constituant un accord confirmant l'Arrangement relatif au commerce des textiles de laine et de fibres synthétiques entre le Japon et les États-Unis (avec arrangement annexé et notes connexes). Washington, 3 janvier 1972

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 21 novembre 1973.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND JAPAN
CONFIRMING THE ARRANGEMENT RELATING TO TRADE
IN WOOL AND MAN-MADE FIBER TEXTILES BETWEEN
JAPAN AND THE UNITED STATES

I

EMBASSY OF JAPAN
WASHINGTON

Washington, January 3, 1972

Excellency:

I have the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America concerning trade in wool and man-made fiber textiles between Japan and the United States and to confirm, on behalf of the Government of Japan, the understanding reached between the two Governments that, with a view to providing for orderly development of trade in wool and man-made fiber textiles between Japan and the United States, the arrangement attached hereto will be applied by the two Governments.

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

Accept, Excellency, the assurances of my highest consideration.

Enclosure:
Attachment

NOBUHIKO USHIBA
Ambassador Extraordinary and Plenipotentiary
of Japan

His Excellency David M. Kennedy
Ambassador at Large of the United States of America

ARRANGEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONCERNING TRADE IN WOOL AND MAN-MADE FIBER TEXTILES BETWEEN JAPAN AND THE UNITED STATES

PREAMBLE

The purpose of this Arrangement is to prevent an abrupt increase and to provide for orderly development of export trade in wool and man-made fiber textiles from Japan to

¹ Came into force on 3 January 1972 by the exchange of the said notes, with retroactive effect from 1 October 1971, in accordance with paragraph 12 of the Arrangement.

the United States consistent with the healthy development of the textile economies of both countries.

For this purpose and in accordance with the provisions of this Arrangement, Japan will conduct her exports to the United States of wool and man-made fiber textile products to see to it that an aggregate annual increase in the exports of such products will not be in excess of the levels provided for in the Arrangement, and the United States will give consideration in implementing this Arrangement to assuring the full utilization of such levels by Japan.

1. (a) The provisions of this Arrangement will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

(b) The Government of Japan will apply the restraints provided for in this Arrangement to exports of wool and man-made fiber textiles to the United States for three years beginning October 1, 1971.

2. The two Governments recognize that their rights and obligations under the General Agreement on Tariffs and Trade are not affected by this Arrangement.

3. (a) The annual overall limits for wool and man-made fiber textiles for the three years of this Arrangement are as follows:

	<i>Square Yards Equivalent</i>
October 1, 1971-September 30, 1972	997,500,000
October 1, 1972-September 30, 1973	1,047,400,000
October 1, 1973-September 30, 1974	1,099,800,000

(b) Within the annual overall limits provided for in subparagraph (a) above, the annual overall limits for wool textiles will be 42,833,000 square yards equivalent for the first arrangement year, 43,261,000 square yards equivalent for the second arrangement year and 43,694,000 square yards equivalent for the third arrangement year.

(c) Within the annual overall limits provided for in subparagraph (a) above, the annual overall limits for man-made fiber textiles will be 954,667,000 square yards equivalent for the first arrangement year, 1,004,139,000 square yards equivalent for the second arrangement year and 1,056,106,000 square yards equivalent for the third arrangement year.

4. Within the applicable annual overall limits for wool and man-made fiber textiles set forth in paragraph 3, the annual limits for certain groups of categories, subgroups of categories and specific categories are as set forth in, or determined in accordance with, annex A.

5. Within the applicable annual overall limits for wool and man-made fiber textiles set forth in paragraph 3, as they may be adjusted pursuant to the provisions of this Arrangement, the limits for exports in any of the groups and subgroups set forth in annex A may be exceeded by the percentages shown in annex A for each group and subgroup and in accordance with other provisions of this Arrangement. Within the applicable limits as they may be adjusted in accordance with the provisions of this Arrangement, the limits for exports in the specific categories listed in annex A may be exceeded in accordance with the note therein and with other provisions of this Arrangement.

6. (a) (i) If, during any arrangement year, the Government of the United States of America considers that imports from Japan in any category not set out in annex A or in any particular product within any category set out in annex A are increasing so as to cause or threaten to cause disruption in the United States market, the Government of the United States of America will request consultations with the Government of Japan.

(ii) Pending a mutually satisfactory solution between the two Governments, the Government of Japan will limit exports for that arrangement year in the category or pro-

duct, as to which such consultations have been requested, to 105 percent for man-made fiber textile categories or products and 103 percent for wool textile categories or products of the level of imports into the United States from Japan of such category or product during the most recent twelve month period preceding the month in which the request for consultations was made for which relevant data are available to the two Governments.

(b) With respect to categories not set forth in annex A, consultations referred to in subparagraph (a) above will be requested whenever imports from Japan in a twelve month period in such category increase to the level of the imports from Japan of such category for the twelve month period ending March 31, 1971, compounded for each arrangement year by 10 percent for each man-made fiber textile category and 3 percent for each wool category.

Consultations will not be requested for any category under this subparagraph when imports from Japan in such category are not more than 500,000 square yards equivalent for each man-made fiber textile category other than apparel, 350,000 square yards equivalent for each man-made fiber apparel category, and 100,000 square yards equivalent for each wool category.

In the event such consultations are requested at the levels indicated in this subparagraph and pending a mutually satisfactory solution between the two Governments, the Government of Japan will limit the exports in the category in question in the arrangement year in question to the level of imports in such category to the United States from Japan which formed the basis for the consultation request.

(c) Any consultations provided for in this paragraph will be held and concluded promptly. The Government of the United States of America will provide a detailed factual statement of reasons and justification for its request for consultations, including relevant data on imports from third countries. The Government of the United States of America will make similar consultation requests to the Governments of other countries whose exports to the United States of wool and man-made fiber textiles are subject to restraint in cases where imports from such countries in the same category or product are increasing.

7. (a) (i) During the second and third arrangement years, exports may exceed the annual overall limit for man-made fiber textiles and the annual overall limit for wool textiles as well as the annual limits for the groups, subgroups, specific categories and sublimits set forth in annex A by carryover of not more than the lesser of 5 percent of the applicable limit in the preceding arrangement year or the actual shortfall in exports under such limit in such preceding arrangement year.

(ii) Carryover of shortfalls in the categories or sublimits set forth in annex A will be used for exports in the same category or sublimit in which the shortfall occurred.

(iii) Carryover of shortfalls not attributable to shortfalls in categories or sublimits listed in annex A may be used for the export of textiles of the same fiber not listed in annex A, subject to the provisions of paragraph 6.

(iv) Exports pursuant to this paragraph will be additional to those pursuant to other provisions in this Arrangement.

(b) (i) A shortfall occurs in man-made fiber textiles only when exports from Japan of man-made fiber textiles are below the annual overall limit provided for in paragraph 3 (c) and, with respect to exports in any specific category or sublimit listed in annex A, when such exports are also below the limits provided for the applicable group or subgroup as well as for the category or sublimit. A shortfall occurs in wool textiles only when exports of wool textiles are below the annual overall limit provided for in paragraph 3 (b) and, with respect to exports in any specific category or sublimit listed in annex A, when such exports are also below the limits provided for the applicable group or subgroup as well as for the category or sublimit.

(ii) In determining shortfalls in groups, subgroups, categories or sublimits listed in annex A, the limits referred to in subparagraph (i) above are without any adjustments provided for in accordance with the provisions of this Arrangement.

8. If the Government of Japan considers that as a result of the restraints specified in this Arrangement, Japan is, or is threatened to be, placed in an inequitable position vis-à-vis a third country whose exports to the United States of wool and man-made fiber textiles are subject to restraint, or that Japan is, or is threatened to be, put in a substantially disadvantageous position compared with any other exporting country because of such factors as a remarkable increase of exports by such country to the United States, the Government of Japan may request consultations with the Government of the United States of America. Such consultations will be held and concluded promptly with a view to taking appropriate remedial action such as a reasonable modification of this Arrangement. The Government of the United States of America will take such appropriate remedial measures as may be deemed satisfactory by the two Governments in the consultations.

9. (a) During the period of validity of this Arrangement, experts of the Ministry of International Trade and Industry and of the Department of Commerce and of other competent authorities of the two Governments will, in principle, meet monthly to exchange current data on exports and imports between Japan and the United States of the textiles covered by this Arrangement, to review in detail the implementation of the Arrangement, and to consider any problems arising thereunder including flexibility problems and including classification questions. The Government of the United States of America will consider such problems with the Government of Japan in a reasonable manner consistent with the principles set forth in the Preamble.

(b) During the first two years of this Arrangement, these experts will meet to consider the problems arising out of existing export contracts reported prior to October 1, 1971, concerning categories listed in annex A which, if fulfilled, would cause exports to exceed limits provided for in the first arrangement year and will seek satisfactory solutions to such problems taking into account conditions in the United States market. In the event any excess of first year limits is permitted, it will be deducted from the second year limits.

(c) The experts will also consider hardship situations in either Japan or the United States which may be related to the operation of this Arrangement or the trade conducted thereunder and may make appropriate recommendations to their Governments for the resolution of such situations.

10. The Government of Japan will endeavor to space exports as evenly as practicable on a quarterly basis throughout each arrangement year, taking seasonal factors into account.

11. (a) The textile categories covered by and the rates of conversion applicable under this Arrangement are set forth in annex B. The scope and definitions of the textiles covered by such categories will be determined in accordance with United States Customs classification and definitions, subject to further clarification where necessary. Any textiles which are wholly or in part of wool and/or man-made fiber, but not chief value cotton, will be subject to the terms of this Arrangement. Any question with regard to the assignment of such textiles which are not chief value wool or chief value man-made fiber will be subject to consultations between the two Governments, which will take into account the marketing of such textiles in the United States.

(b) Experts of the two Governments will meet as necessary to discuss the application of the above definitions to certain articles which the Government of Japan considers to be products of industries other than the textile and apparel industries, and not to be textile or apparel products.

12. The validity of this Arrangement is for the period of three years beginning October 1, 1971. During the third year of this Arrangement, the two Governments will consider extending the Arrangement for a further period of time.

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

A N N E X A

<i>Group and Category</i>	<i>Category Distribution Within Group (Percent)</i>	<i>Group Limits (Square Yards Equivalent)</i>		
		<i>1st Year</i>	<i>2nd Year</i>	<i>3rd Year</i>
<i>Group I (7.5%)</i>	100.0000	156,837,000	164,965,000	173,502,000
206 Woven fabrics, cellulosic, wholly of continuous man-made fiber	23.8945			
210 <i>k</i> Woven fabrics, other, of man-made fibers except glass fibers	12.5392			
(Sublimit for fabrics containing over 17% or more by weight of wool)	(5.4758)			
211 Knit fabrics	63.5663			
<i>Group II (5%)</i>	100.0000	152,409,000	160,307,000	168,603,000
208 Woven fabrics, other, wholly of continuous man-made fiber ..	77.5503			
209 Woven fabrics, other, wholly of non-continuous fibers	22.4497			
<i>Group III</i>				
<i>Subgroup A (10%)</i>	100.0000	35,411,000	37,246,000	39,173,000
216 Dresses, knit	17.4836			
222 Trousers, slacks and shorts, knit, women's, girls' and infants' ...	42.3622			
236 Shirts, not knit	9.1853			
238 Trousers, slacks and shorts, not knit	30.9689			
<i>Subgroup B (2.5%)</i>	100.0000	92,596,000	97,394,000	102,435,000
219 Shirts, other (including blouses), knit	26.1617			
221 Sweaters and cardigans, knit ...	42.6556			
229 Coats, not knit	31.1827			
<i>Group IV (5%)</i>	100.0000	35,298,000	37,127,000	39,048,000
228 Blouses, not knit	29.7074			
234 Dress shirts, not knit	38.0051			
235 Shirts, other, not knit	32.2875			
<i>Group V (2.5%)</i>	100.0000	27,343,000	27,616,000	27,893,000
104 Woven fabrics of wool, including blankets (carriage robes, lap robes, steamer rugs, etc.) over 3 yards in length	100.0000			
(Sublimit for woven wool fabrics over 6 ounces per square yard)	(73.9775)			

Group and Category	Category Distribution Within Group (Percent)	Group Limits (Square Yards Equivalent)		
		1st Year	2nd Year	3rd Year
Group VI (5%)	100.0000	3,945,000	3,985,000	4,025,000
120 Men's and Boys' suits	35.5068			
124 Trousers, slacks and shorts	64.4932			

NOTE: Exports in any category within a group or subgroup may not exceed 103 percent of the group or subgroup limit for that category (as adjusted by the percentage shown) multiplied by the percentage which the category accounted for of the total of U.S. imports from Japan of the categories in that group (subgroup in group III) during the twelve-month period ending March 31, 1971.

ANNEX B

Category	Description	Unit	Conversion Factor
101	Wool tops and wool advanced	Lb.	1.95
102	Yarns of Angora Rabbit hair	Lb.	1.95
103	Other yarns of wool and hair	Lb.	1.95
104	Woven fabrics of wool, including blankets (carriage robes, lap robes, steamer rugs, etc.) over 3 yards in length	Syd.	1.0
105	Billiard cloth	Syd.	1.0
106	Blankets	Lb.	1.295
107	Carriage and auto robes, etc., n.e.s.	Lb.	1.295
108	Tapestries and upholstery fabrics	Syd.	1.0
109	Pile and tufted fabrics	Syd.	1.0
110	Knit fabrics in the piece	Lb.	1.95
111	Hosiery	Dpr.	2.7814
112	Gloves and mittens	Dpr.	2.093
113	Underwear, knit	Lb.	1.95
114	Other infants' articles, knit, not ornamented	Lb.	1.95
115	Knit hats and similar items	Lb.	1.95
116	Knit wearing apparel, n.e.s., valued not over \$5 per pound	Lb.	1.95
117	Knit wearing apparel, n.e.s., valued over \$5 per pound	Lb.	1.95
118	Hats, caps, not blocked	Lb.	1.95
119	Hats, caps, blocked, finished	Lb.	1.95
120	Men's and boys' suits	No.	4.5
121	Men's and boys' outer coats	No.	4.5
122	Women's, misses', and children's coats and suits	No.	4.75
123	Women's, misses', and children's separate skirts	No.	1.5
124	Trousers, slacks and shorts	No.	1.5
125	Articles of wearing apparel, n.e.s.	Lb.	2.0
126	Lace and net articles including veiling	Lb.	1.95
128	Miscellaneous manufactures of wool	Lb.	1.95
128 (i)	Knit apparel, n.e.s., in part of wool, but not in chief value of cotton, man-made fiber or wool		*
128 (ii)	Woven apparel, n.e.s., in part of wool, but not in chief value of cotton, man-made fiber or wool		*
128 (iii)	Other wool textiles, n.e.s., in part of wool, but not in chief value of cotton, man-made fiber or wool		*
131	Braided floor coverings	Sft.	0.11
132	Wool floor coverings, n.e.s.	Sft.	0.11
200	Textured yarns	Lb.	3.51
201	Yarn wholly of continuous filament, cellulosic	Lb.	5.19
202	Yarn wholly of continuous filament, other	Lb.	11.6

* Categories 128 (i), (ii) and (iii) will be converted to square yards equivalent by component product at the same rate as would apply to such products if they were in chief value wool.

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
203	Yarn wholly of non-continuous filament, cellulosic	Lb.	3.4
204	Yarn wholly of non-continuous filament, other	Lb.	4.12
205	Yarns, other	Lb.	3.51
206	Woven fabrics, cellulosic, wholly of continuous man-made fiber	Syd.	1.0
207	Woven fabrics, cellulosic, wholly of non-continuous fibers	Syd.	1.0
208	Woven fabrics, other, wholly of continuous man-made fiber	Syd.	1.0
209	Woven fabrics, other, wholly of non-continuous fibers	Syd.	1.0
210 (a)	Woven fabrics, other, of man-made fibers except glass fibers	Syd.	1.0
210 (b)	Woven fabrics, glass fiber	Syd.	1.0
211	Knit fabrics	Lb.	7.8
212	Pile and tufted fabrics	Syd.	1.0
213	Specialty fabrics	Lb.	7.8
214	Gloves and mittens, knit, whether or not ornamented	Dpr.	3.53
215	Hosiery	Dpr.	4.6
216	Dresses, knit	Doz.	45.3
217	Pajamas and other nightwear, knit	Doz.	51.96
218	T-shirts, knit	Doz.	7.24
219	Shirts, other (including blouses), knit	Doz.	18.36
220	Skirts, knit	Doz.	17.8
221	Sweaters and cardigans, knit	Doz.	36.8
222	Trousers, slacks and shorts, knit, women's, girls' and infants'	Doz.	17.8
223	Underwear, knit	Doz.	16.0
224	Other wearing apparel, knit, whether or not ornamented	Lb.	7.8
225	Body-supporting garments	Doz.	4.75
226	Handkerchiefs	Doz.	1.66
227	Mufflers, scarves and shawls, not knit	Lb.	7.8
228	Blouses, not knit	Doz.	14.53
229	Coats, not knit	Doz.	41.25
230	Dresses, not knit	Doz.	45.3
231	Dressing gowns, including bathrobes and beachrobes, not knit	Doz.	51.0
232	Pajamas and other nightwear, not knit	Doz.	51.96
233	Playsuits, sunsuits, washsuits, etc., not knit	Doz.	21.3
234	Dress shirts, not knit	Doz.	22.19
235	Shirts, other, not knit	Doz.	24.46
236	Skirts, not knit	Doz.	17.8
237	Suits, not knit	No.	4.5
238	Trousers, slacks and shorts, not knit	Doz.	17.8
239	Underwear, not knit	Doz.	16.0
240	Other wearing apparel, not knit, whether or not ornamented	Lb.	7.8
241	Floor coverings	Sft.	0.11
242	Other furnishings	Lb.	7.8
243	Manufactures, n.e.s. of man-made fiber	Lb.	7.8
243 (i)	Knit apparel, n.e.s., in part of man-made fiber, not in chief value of cotton, wool or man-made fiber		*
243 (ii)	Woven apparel, n.e.s., in part of man-made fiber, not in chief value of cotton, wool or man-made fiber		*
243 (iii)	Other man-made fiber textiles, n.e.s., in part of man-made fiber, but not in chief value of cotton, wool or man-made fiber		*

* Categories 243 (i), (ii) and (iii) will be converted to square yards equivalent by component products at the same rate as would apply to such products if they were in chief value man-made fiber.

II

January 3, 1972

Excellency:

I have the honor to acknowledge the receipt of your note of today's date, enclosing the arrangement attached thereto concerning trade in wool and man-made fiber textiles between Japan and the United States, which reads as follows:

[*See note I*]

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

Accept, Excellency, the assurances of my highest consideration.

DAVID M. KENNEDY

Ambassador at Large
of the United States of America

His Excellency Nobuhiko Ushiba
Ambassador Extraordinary and Plenipotentiary
of Japan

RELATED NOTES

I

EMBASSY OF JAPAN
WASHINGTON

Washington, January 3, 1972

Excellency:

I have the honor to refer to the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Wool and Man-Made Fiber Textiles between Japan and the United States attached to the Exchange of Notes of January 3, 1972 (hereinafter referred to as "the Wool and Man-Made Fiber Textiles Arrangement") and to confirm, on behalf of the Government of Japan, the understanding reached between the two Governments that in the event of and effective upon the conclusion of a bilateral arrangement between the two Governments concerning trade in cotton textiles for 1972 and the first nine months period of 1973,¹ the provisions set forth below will be regarded as forming part of the Wool and Man-Made Fiber Textiles Arrangement:

Without regard to the provisions of paragraphs 3 and 6 of the Wool and Man-Made Fiber Textiles Arrangement and provided that there is an equivalent square yard shortfall in exports under the cotton textiles arrangement during 1972 and the first nine months period of 1973 respectively, exports of yarns in categories 200-205 may be increased by up to 46,578,000 square yards equivalent in the first year and 48,947,000 square yards equivalent in the second year of the Wool and Man-Made Fiber Textiles Arrangement.

¹ United Nations, *Treaty Series*, vol. 829, p. 213.

I should be grateful if you would confirm the foregoing understanding on behalf of the Government of the United States of America.

Accept, Excellency, the assurances of my highest consideration.

NOBUHIKO USHIBA
Ambassador Extraordinary and Plenipotentiary
of Japan

His Excellency David M. Kennedy
Ambassador at Large of the United States of America

II

January 3, 1972

Excellency:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date which reads as follows:

[See note I]

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

Accept, Excellency, the assurances of my highest consideration.

DAVID M. KENNEDY
Ambassador at Large
of the United States of America

His Excellency Nobuhiko Ushiba
Ambassador Extraordinary and Plenipotentiary
of Japan