

No. 12948

UNITED STATES OF AMERICA
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND (HONG KONG)

Exchange of notes constituting an agreement relating to trade in wool and man-made fiber textile products (with annexes). Hong Kong, 6 January 1972

Authentic text: English.

Registered by the United States of America on 1 January 1974.

ÉTATS-UNIS D'AMÉRIQUE
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD (HONG-KONG)

Échange de notes constituant un accord relatif au commerce des produits textiles de laine et de fibre synthétique (avec annexes). Hong-kong, 6 janvier 1972

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} janvier 1974.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (HONG KONG) RELATING TO TRADE IN WOOL AND MAN-MADE FIBER TEXTILE PRODUCTS

I

*The American Consul General to the Hong Kong Director
of Commerce and Industry*

AMERICAN CONSULATE GENERAL
HONG KONG, B. C. C.

No. 1

January 6, 1972

Trade in Wool and Man-Made Fiber Textile Products

Sir:

I refer to recent discussions between our two Governments concerning trade in man-made fiber and wool textile products. As a result of these discussions, I wish to propose the following agreement relating to the export of these products from Hong Kong to the United States.

1. The Government of Hong Kong will limit annual exports of man-made fiber and wool textile products to the United States for a period of five years beginning October 1, 1971 to the limits set forth below and in accordance with this Agreement. In the event that any multilateral international arrangement affecting world trade in cotton, man-made fiber and wool textiles is agreed within the term of this Agreement, and provided that both Governments accept such an arrangement, both Governments agree to consult promptly to review the terms of this Agreement and to effect such adjustment as may be mutually agreed as necessary to render the terms of this Agreement consonant with the rights and obligations of both Governments arising from any such international arrangement.

2. Man-made fiber and wool fabrics, yarns and made-up goods (other than apparel) shown under groups I and III in annex A shall be controlled pursuant to the terms of the Cotton Textile Agreement of December 17, 1970, as amended,² hand-made carpets, rugs and floor coverings of man-made fiber and wool are excluded from these arrangements. In the event that the Hong Kong cotton textile bilateral is not extended beyond September 30, 1973, the man-made fiber and wool categories included in groups I and III of that Agreement will be transferred to and controlled under the man-made and wool agreement and the two Governments agree to consult to make the appropriate amendments.

3. Man-made fiber and wool textile apparel shall be subject to aggregate limits for the first agreement year of 210 million square yards equivalent and 40 million square yards equivalent respectively. Within these aggregate limits, the specific limits set out in annexes B and C shall apply.

4. The aggregate and specific category limits in annex B may be increased by 5 percent, provided there is an equivalent reduction in yardage in the aggregate limit for group II of the Cotton Textiles Agreement of December 17, 1970, as amended. Likewise the aggregate and specific limits of group II of the Cotton Textiles Agreement of December 17, 1970, as amended, may be increased by 5 percent, provided there is an equivalent reduction in yardage in the aggregate limit for man-made fiber apparel under this agreement.

¹ Came into force on 6 January 1972 by the exchange of the said notes, with retroactive effect from 1 October 1971, in accordance with their provisions.

² United Nations, *Treaty Series*, vol. 776, p. 257, and vol. 829, p. 378.

5. Within the aggregate limits set out in annexes B and C, specific category limits may be increased by not more than 5 percent; provided that in any particular case, the combined increases under this paragraph and under paragraph 4 above together do not exceed 5 percent of the specific limit.

6. As from the commencement of the second agreement year, the aggregate and specific limits set out in annexes B and C shall be increased over the corresponding limits in the preceding agreement year as follows:

- (a) for categories with specific limits set out in annex B at 7 percent per annum;
- (b) for the aggregate limit in annex B, less the sum of the limits for the specific categories, at 7½ percent per annum;
- (c) for the aggregate and specific limits set out in annex C at 1 percent per annum.

7. (a) Provided that exports in the preceding agreement year, including the yardage transferred to and utilized in group II of the Cotton Textiles Agreement of December 17, 1970, as amended, were below the relevant aggregate and category limit, exports in any agreement year may exceed the applicable aggregate and specific limits by an amount equal to 5 percent of the corresponding limit for the preceding agreement year, or the amount by which exports were below each of the limits applicable in the preceding agreement year, whichever is less.

(b) The limits for the preceding agreement year referred to in sub-paragraph (a) of this paragraph are without adjustments under this paragraph and paragraphs 4 and 5 above.

8. In the event of undue concentration in exports from Hong Kong to the United States of man-made fiber and wool apparel in any category not given a specific limit, the Government of the United States of America may request consultation with the Government of Hong Kong to determine an appropriate course of action. During the course of such consultation, the Government of Hong Kong will not license further exports of the particular product in question.

9. (a) Any textile product which comprises 17 percent or more wool by weight of fiber content, or is in chief weight man-made fiber, but is not in chief weight or chief value cotton, shall be subject to the terms of this Agreement.

(b) In respect of man-made fiber textile products, the Government of Hong Kong shall use a chief weight basis for export control and reporting requirements. The Government of the United States of America classifies imports of man-made fiber textile products on a chief value basis. If problems should arise, the two Governments shall consult promptly with a view to finding a mutually acceptable solution. If no such solution can be achieved, the chief value criterion shall prevail.

10. In the implementation of this Agreement, the system of categories and conversion factors listed in annex A shall apply. Recognizing that this Agreement aligns, to the best knowledge of the two Governments, Hong Kong's export control practices and United States' classification practices as far as is practicable to do so (unless agreed otherwise), each Government will consult with the other, at the earliest possible opportunity, if it comes to the notice of either Government that any problem in the classification of specific products may be developing; and both Governments will seek by all means at their disposal to resolve any problem of classification practice which may be found to exist, in a manner compatible with the interests of both Governments. Any adjustment which cannot be made during any agreement year will be considered at the annual consultation provided for in paragraph 11.

11. The two Governments agree to consult annually during the last quarter of each agreement year, or at such other times as may be mutually agreed, to review this agreement and to consider any question arising in the implementation of this Agreement.

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

13. The two Governments recognize that the successful implementation of this Agreement depends in large part upon mutual cooperation on statistical questions. The Government of the United States of America shall promptly supply the Government of Hong Kong with data on monthly imports of man-made fiber and wool textile products from Hong Kong. The Government of Hong Kong shall promptly supply the Government of the United

States of America with pertinent data on anticipated exports in categories not subject to specific limits and data on monthly exports of man-made fiber and wool products to the United States. Each Government agrees to supply promptly any other available statistical data requested by the other Government.

14. If the Government of Hong Kong considers that, as a result of limits specified in this Agreement, Hong Kong is being placed in an inequitable position vis-à-vis a third country, the Government of Hong Kong may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as a reasonable modification of this Agreement.

15. The Government of Hong Kong shall use its best efforts to space exports from Hong Kong to the United States within each category or combination of categories evenly throughout the agreement year, taking into consideration normal seasonal factors.

16. Either Government may terminate this Agreement, effective at the end of an agreement year, by written notice to the other Government, to be given at least 90 days prior to the end of such agreement year. Either Government may at any time propose revisions in the terms of this Agreement.

If this proposal is acceptable to the Government of Hong Kong, this note and your note of acceptance on behalf of the Government of Hong Kong will constitute an agreement between our two Governments.

Accept, Sir, the renewed assurances of my high consideration.

DAVID L. OSBORN

Enclosures:

1. Annex A
2. Annex B
3. Annex C

The Honorable E. I. Lee
Director
Commerce and Industry Department
Hong Kong

ANNEX A

CATEGORIES OF WOOL TEXTILE PRODUCTS

<i>Category</i>	<i>Description</i>	<i>Unit of Measure</i>	<i>Syd. Conversion</i>
Group I:			
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.	1.00
105	Billiard cloth	Syd.	1.0
106	Blankets	Lb.	1.295
107	Carriage and auto robes, etc., nes.	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
Group II:			
111	Hosiery	Doz. Pr.	2.7814
112	Gloves and mittens	Doz. Pr.	2.093
113	Underwear, knit	Doz.	5.0
114	Other infants articles, knit, not ornamented ...	Lb.	1.95
115	Knit hats and similar items	Doz.	10.0
116	Knit wearing apparel, nes., valued not over \$5 per pound	Lb/Doz.	1.95/14.88*
117	Knit wearing apparel, nes., valued over \$5 per pound	Lb/Doz.	1.95/14.88*
118	Hats, caps, not blocked	Doz.	10.0
119	Hats, caps, blocked, finished	Doz.	10.0
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, children's separate skirts	No.	1.5
124	Trousers, slacks and shorts	No.	1.5
125	Articles of wearing apparel, nes.	Lb.	2.0
Group III:			
126	Lace and not articles including veiling	Lb.	1.95
128	Miscellaneous wool manufactures	Lb.	1.95
131	Braided floor coverings	Sft.	0.1111
132	Wool floor coverings, nes.	Sft.	0.1111

* Whole garments in category 116/117 shall be controlled by Hong Kong in dozens, converting at 14.88 square yards per dozen; other apparel items shall be controlled in pounds, converting at 1.95 square yards per pound.

CATEGORIES OF MAN-MADE TEXTILE PRODUCTS

<i>Category</i>	<i>Description</i>	<i>Unit of Measure</i>	<i>Syd. Conversion</i>
Group I:			
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
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

<i>Category</i>	<i>Description</i>	<i>Unit of Measure</i>	<i>Syd. Conversion</i>
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	Woven fabrics, other, of man-made fibers (including fabric containing more than 17% by weight of wool; glass fabrics and mixed yarn fabrics)	Syd.	1.0
211	Knit fabrics	Lb.	7.8
212	Pile and tufted fabrics	Syd.	1.0
213	Specialty fabrics	Lb.	7.8
Group II:			
214	Gloves and mittens, knit, whether or not ornamented	Doz.	3.52
215	Hosiery	Doz. Pr.	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 beach robes, 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
Group III:			
241	Floor coverings	Sft.	0.11
242	Other furnishings	Lb.	7.8
243	Man-made fiber manufactures, nes.	Lb.	7.8

ANNEX B

MAN-MADE FIBER APPAREL

	<i>Square Yards Equivalent</i>
<i>Aggregate</i>	210,000,000
<i>Specifics</i>	
219 knit shirts and blouses	21,307,769
221 sweaters and cardigans, knit	31,203,153
222/ex-224 trousers, slacks & shorts, knit	10,533,692
228 blouses, not knit	18,155,158
229 coats, not knit	15,369,962
232 pajamas & other nightwear, not knit	9,697,521
234 dress shirts, not knit	38,595,604
235 other shirts, not knit	17,778,453
238 trousers, slacks & shorts, not knit	4,243,470
All other apparel* (categories 214, 215, 216, 217, 218, 220, 223, ex-224, 225, 226, 227, 230, 231, 233, 236, 237, 239, and 240)	43,115,218

* The "all other" category is not subject to specific limit. Hence, within the aggregate, the square yard equivalent of shortfalls in exports in categories (or combination of categories) with specific limits may be used in these categories at any time in the agreement year, provided the aggregate limit is not exceeded.

ANNEX C

	<i>Square Yards Equivalent</i>
Wool Apparel	40,000,000
116/117 knit Apparel	29,057,317
of which sweaters shall not exceed	15,978,739
All other apparel* (categories 111, 112, 113, 114, 115, 118, 119, 120, 121, 122, 123, 124, and 125)	10,942,683

* The "all other" category is not subject to specific limit. Hence, within the aggregate, the square yard equivalent of shortfalls in exports in categories (or combination of categories) with specific limits may be used in these categories at any time in the agreement year, provided the aggregate limit is not exceeded.

II

*The Hong Kong Director of Commerce and Industry
to the American Consul General*COMMERCE & INDUSTRY DEPARTMENT
HONG KONG

CR/EIC 110/5/10/2

6th January, 1972

Sir,

I refer to your note No. 1 of today's date, proposing an agreement between the Governments of the United States of America and Hong Kong concerning the trade in man-made fibre and wool textile products, and confirm that it is acceptable to my Government.

2. Accept, Sir, the renewed assurances of my high consideration.

[Signed]

E. I. LEE

Director of Commerce & Industry

David L. Osborn, Esq.
Consul-General
American Consulate-General
Hong Kong