

No. 14239

**UNITED STATES OF AMERICA
and
JAPAN**

Exchange of notes constituting an arrangement concerning trade in cotton, wool and man-made fiber textiles (with attached arrangement, and related notes dated 27 September and 1 October 1974). Washington, 27 September 1974

Authentic text: English.

Registered by the United States of America on 27 August 1975.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAPON**

Échange de notes constituant un arrangement relatif au commerce des textiles de coton, de laine et de fibres artificielles (avec arrangement joint et notes connexes en date des 27 septembre et 1^{er} octobre 1974). Washington, 27 septembre 1974

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 27 août 1975.

EXCHANGE OF NOTES CONSTITUTING AN ARRANGEMENT¹ BETWEEN
THE UNITED STATES OF AMERICA AND JAPAN CONCERNING
TRADE IN COTTON, WOOL AND MAN-MADE FIBER TEXTILES

I

EMBASSY OF JAPAN
WASHINGTON

September 27, 1974

Sir:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles done in Geneva on December 20, 1973² and which the Government of Japan accepted on March 15, 1974 and which the Government of the United States of America accepted on January 2, 1974.

I have further 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 cotton, 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, pursuant to the provisions of Article 4 of the Arrangement Regarding International Trade in Textiles and with a view to providing for orderly development of trade in cotton, 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, Sir, the renewed assurances of my highest consideration.

Enclosure:
Attachment

[Signed — Signé]³

Ambassador Extraordinary
and Plenipotentiary of Japan

The Honorable Henry A. Kissinger
Secretary of State of the United States of America

¹ Came into force on 27 September 1974 by the exchange of the said notes, with effect from 1 October 1974, in accordance with paragraph 1(b) of the arrangement.

² United Nations, *Treaty Series*, vol. 930, p. 166.

³ Signed by Takeshi Yasukawa — Signé par Takeshi Yasukawa.

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

Pursuant to the provisions of Article 4 of the Arrangement Regarding International Trade in Textiles permitting bilateral agreements consistent with the basic objectives and principles thereof "on mutually acceptable terms in order, on the one hand, to eliminate real risks of market disruption in importing countries and disruption to the textile trade of exporting countries, and on the other hand, to ensure the expansion and orderly development of trade in textiles. . . " the following provisions will be applied by the two Governments.

In accordance with the provisions of this Arrangement, Japan will conduct her exports to the United States of cotton, wool and man-made fiber textile products to see to it that an aggregate annual increase in exports of such products will not be in excess of the levels provided for in this 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 cotton, wool and man-made fiber textiles to the United States for the period of three years and three months beginning October 1, 1974.

2. The two Governments recognize that their rights and obligations under the General Agreement on Tariffs and Trade¹ are not affected by this Arrangement.

3. The respective aggregate limits for cotton textiles and for wool and man-made fiber textiles and limits for groups of categories for the first twelve month period beginning October 1, 1974 and extending through September 30, 1975 (hereinafter referred to as "the first arrangement period") are set forth in Annex A.

Within the applicable limits set forth in Annex A(1), limits for specific categories and sub-limits for specific products for the first arrangement period are set forth in Annex A(2).

4. (a) For the second twelve month period beginning October 1, 1975 and extending through September 30, 1976 (hereinafter referred to as "the second arrangement period") and the third twelve month period beginning October 1, 1976 and extending through September 30, 1977, the respective limits and sub-limits will be increased by 6 percent over the applicable limits and sub-limits for the preceding twelve month period, provided, however, that the respective limits and sub-limits for wool textiles (Group VI) will be increased by 1 percent.

(b) For the three month period beginning October 1, 1977 and extending through December 31, 1977, the respective limits and sub-limits will be one-fourth of the applicable limits and sub-limits for the third twelve month period multiplied by 106 percent, provided that the applicable limits and sub-limits for wool textiles (Group VI) will be multiplied by 101 percent.

(c) For the purpose of smooth administration of export restraints, however, the third twelve month period and the last three month period will be treated as one restraint period (hereinafter referred to as "the third arrangement period"). Both Governments agree to consult promptly at the request of either Government with respect to any problems

¹ United Nations, *Treaty Series*, vol. 55, p.187.

arising out of the provisions of this subparagraph, and to give sympathetic consideration to any proposal by either Government for the resolution of such problems.

(d) Additional amount for man-made fiber textiles arising out of the application of the above growth rate to wool textiles referred to in subparagraphs (a) and (b) above will be applied pro rata to the limits and sub-limits for man-made fiber textiles.

5. (a) Within the applicable aggregate limits as set forth in Annex A(1), the group limits for Groups I and IV may be exceeded by 7 percent, the group limits for Groups II, III and V may be exceeded by 15 percent, and the group limit for Group VI may be exceeded by 1 percent. Within the applicable aggregate and group limits, as they may be adjusted pursuant to this subparagraph, any limits and sub-limits as set forth in Annex A(2) may be exceeded by 7 percent for categories and products in Groups I and IV, by 10 percent for those in Groups II, III and V, and by 5 percent for those in Group VI.

(b) (1) Exports in Groups I-V may exceed the limits and sub-limits applicable thereto, as they may be adjusted pursuant to subparagraph (a) of this paragraph, by amounts of up to 5, 6, and 7 percent of such limits and sub-limits for the first, second and third arrangement periods respectively, provided that there is an equivalent square yard shortfall in exports in the comparable groups, categories or products during the same arrangement period. Exports in Group VI may exceed the limits and sub-limits applicable thereto, as they may be adjusted pursuant to subparagraph (a) of this paragraph, by amounts of up to 1 percent of such limits and sub-limits for each arrangement period, provided that there is an equivalent square yard shortfall in exports in the other groups or comparable categories or products during the same arrangement period.

(2) The respective aggregate limits for cotton textiles and for wool and man-made fiber textiles will be adjusted pursuant to the application of the provisions of subparagraph (b) (1) above.

(3) For purposes of the provisions of this subparagraph, Group I and Group IV, and Groups II and III and Group V are deemed to be comparable groups respectively. The two Governments will consult periodically to resolve any questions that may arise as to the comparability of various categories and products.

(c) Within the aggregate limit for wool and man-made fiber textiles, as it may be adjusted pursuant to subparagraphs (a) and (b) of this paragraph, exports in categories 200, 201 and 202 will not be subject to the limit for Group V. In addition to the foregoing, and without regard to the aggregate limit for wool and man-made fiber textiles or to the provisions of paragraph 7, exports in categories 200-205 may be increased by up to 54,000,000 square yards equivalent in the first arrangement period, 57,400,000 square yards equivalent in the second arrangement period, and 77,200,000 square yards equivalent in the third arrangement period, provided that there is an equivalent square yard shortfall in exports under the aggregate limit for cotton textiles during the same arrangement period.

(d) Shortfalls in the categories subject to specific limits may be used for exports in categories not subject to specific limits in the applicable groups.

6. (a) In any arrangement period, exports may exceed by a maximum of 11 percent the limits and sub-limits by allocating to the limits or sub-limits for that arrangement period an unused portion of the applicable limits or sub-limits for the preceding arrangement period (carryover) or a portion of the applicable limits or sub-limits for the succeeding arrangement period (carry forward).

(b) Carry forward will be limited to a maximum of 6 percent of the applicable limits and sub-limits of the arrangement period in question and will be charged against the same limits and sub-limits of the succeeding arrangement period. Notwithstanding the foregoing, carry-over of shortfalls into the first arrangement period will be not more than 5 percent of the applicable limits and sub-limits for the one year period ending

September 30, 1974 provided for in the Arrangement between the two Governments concerning Trade in Cotton Textiles of January 28, 1972¹ and in the Arrangement between the two Governments concerning Trade in Wool and Man-made Fiber Textiles of January 3, 1972.²

(c) For purposes of this Arrangement, a shortfall occurs when exports from Japan to the United States during any arrangement period are below the applicable aggregate limits and limits for the applicable groups and categories as well as sub-limits for the applicable products in this Arrangement or, for the first arrangement period, below the limits and sub-limits for the one year period ending September 30, 1974 provided for in the Arrangements referred to in subparagraph (b) above. Exports may exceed the limits and sub-limits by the amounts in subparagraph (a) of this paragraph by carryover of shortfalls in the following manner:

- (1) The carryover will not exceed the amount of the actual shortfall in either the applicable aggregate limits or limits for the applicable groups or categories or sub-limits for the applicable products; and
- (2) In the case of shortfalls in the categories (or combination of categories) subject to specific limits, the shortfall will be used for exports in the same category (or combination of categories) in which the shortfall occurred; and
- (3) In the case of shortfalls not attributable to categories (or combination of categories) subject to specific limits, the carryover will be used for exports in the same group in which the shortfall occurred.

(d) The limits and sub-limits referred to in subparagraphs (a), (b) and (c) of this paragraph applicable to Groups IV-VI are without any adjustments under this paragraph or paragraph 5 above, while those applicable to Groups I-III are, for purposes of this paragraph only, as adjusted pursuant to paragraph 5(a) above.

(e) The total adjustment under this paragraph will be in addition to the adjustments permitted by paragraph 5 to the limits and sub-limits for any arrangement period.

7. (a) If, during any arrangement period, the Government of the United States of America considers that imports from Japan in any category not set out in Annex A(2) are increasing so as to cause a real risk of market disruption in the United States market, the Government of the United States of America will request consultations with the Government of Japan.

(b) (1) Pending a mutually satisfactory solution between the two Governments, the Government of Japan will limit exports at annual levels for that arrangement period in the category to which such consultations have been requested to the greater of:

- (i) 110 percent for man-made fiber and cotton textile categories and 103 percent for wool textile categories of the level of imports into the United States from Japan of such category 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, or
- (ii) Levels of the average annual imports into the United States in such categories from Japan during the period beginning October 1, 1971 and extending through September 30, 1974 compounded for each year of this Arrangement by 10 percent for man-made fiber and cotton textile categories and by 3 percent for wool textile categories.

(2) If, in requesting the consultations referred to in subparagraph (a) above, the Government of the United States of America considers that unusual and exceptional market conditions exist in the United States where imports in the category in question

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

² *Ibid.*, vol. 898, p. 33.

will cause serious disruption, the Government of Japan will, notwithstanding the provisions of subparagraph (b) (1) above, limit exports at annual levels for the arrangement period in question in the category in question by applying the provisions of subparagraph (b) (1) (i) above, pending a mutually satisfactory solution between the two Governments.

(c) Consultations under this paragraph will not be requested for any category not set out in Annex A(2) when imports from Japan in such category are at annual levels not more than 1,000,000 square yards equivalent for each man-made fiber or cotton textile category other than apparel, 700,000 square yards equivalent for each man-made fiber or cotton apparel category, and 100,000 square yards equivalent for each wool textile category.

(d) 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 the reasons and justifications for its request for consultations, including data similar to that contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles as well as 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 cotton, wool, or man-made fiber textiles are subject to restraint in cases where imports from such countries in the same category are increasing.

(e) This paragraph will be implemented in such a manner as to achieve the principles and objectives set out in the Arrangement Regarding International Trade in Textiles, and will only be resorted to sparingly.

8. If the Government of Japan considers that as a result of the application of this Arrangement, Japan is, or is threatened to be, placed in an inequitable position vis-a-vis a third country whose exports to the United States of cotton, 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 meet as frequently as may be necessary 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) 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. Representatives of the two Governments will meet at the request of either Government and at least once a year for a general overall review of this Arrangement and its implementation. Such review will include consideration of changing conditions in the industries, markets and trade of the two countries in the textile field, as well as any particular proposals which may be made under paragraph 17 (b).

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

12. 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.

13. (a) For the purposes of this Arrangement, the expression "Textiles" is limited to tops, yarns, piece-goods, made-up articles, garments and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product.

(b) In the implementation of this Arrangement, the system of textile categories and the rates of conversion are set forth in Annex B. The assignments of products to categories listed in Annex B will be determined in accordance with the United States Customs classification and definitions, subject to further clarification where necessary.

(c) Any question arising out of the implementation of the provisions of this paragraph will be subject to consultations between the two Governments which will be promptly held with a view to finding a mutually satisfactory solution. These consultations will take into account marketing of the textiles in question in the United States.

(d) Experts of the two Governments will meet as necessary to discuss the application of the above definitions for cotton, wool and man-made fiber textiles 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.

14. 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 will supply the Government of Japan with data on monthly imports of cotton, wool and man-made fiber textiles from Japan as well as from third countries, and the Government of Japan will supply the Government of the United States of America with data on monthly exports of cotton, wool and man-made fiber textiles to the United States.

15. Matters concerning trade in cotton, wool and man-made fiber textiles between Japan and the United States which are not governed by this Arrangement will be governed by the provisions of the Arrangement Regarding International Trade in Textiles. The Government of the United States of America agrees that insofar as the exports from Japan of the products falling within the scope of this Arrangement are conducted within the framework thereof the Government of the United States of America will not invoke Article 3 of the Arrangement Regarding International Trade in Textiles with respect to such products.

16. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time on problems which have been the subject of consultations under this Arrangement, either Government may, after notification to the other Government, refer such problems to the Textiles Surveillance Body in accordance with Article 11 of the Arrangement Regarding International Trade in Textiles.

17. (a) This Arrangement will continue in force through December 31, 1977, provided that either Government may terminate this Arrangement prior thereto effective at the beginning of an arrangement period by giving sixty-days' written notice to the other Government.

(b) Each Government may at any time propose modifications of this Arrangement. The other Government will give sympathetic consideration to such proposal.

ANNEX A (1)

(a) The following aggregate limits and limits for groups of categories will apply for the first arrangement period:

		<i>Square Yards Equivalent</i>
<i>Cotton Aggregate</i>		536,482,000
Group I	Cotton apparel	218,041,000
Group II	Cotton cloth	226,427,000
Group III	Cotton made-up goods and miscellaneous cotton textiles	92,014,000
<i>Wool and Man-made Fiber Aggregate.</i>		1,154,790,000
Group IV	Man-made fiber apparel	291,311,000
Group V	Other man-made fiber textiles	819,348,000
Group VI	Wool textiles	44,131,000

(b) Each group set forth above will be deemed to contain the following categories which are defined in Annex B:

Group I	Categories 39 through 62, and part of category 63
Group II	Categories 5 through 27 and part of category 32 (i.e., dedicated handkerchief cloth)
Group III	Categories 1 through 4, 28 through 31, 33 through 38 and parts of categories 32 (i.e., except for dedicated handkerchief cloth), 63 and 64
Group IV	Categories 214 through 240 and 243(i), and 243(ii)
Group V	Categories 200 through 213, 241 through 243, and 243(iii)
Group VI	Categories 101 through 128, 128(i), 128(ii), 128(iii), 131 and 132

(c) With regard to Categories 63 and 64 referred to in paragraph (b) above, the following items or products as identified by TSUSA numbers (January 1, 1968 edition) will be included:

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

372.1040	380.0055	382.0084
(scarves)* **	380.0070	382.0086
372.1540	380.0073	382.0088
(mufflers, scarves)* **	380.3000	382.2700
372.1560	380.3300	382.3000
(mufflers, scarves)* **	380.3600	382.3334
373.0540	382.0052	382.3336
373.1045	382.0054	382.3338
380.0040	382.0056	382.3340
380.0043	382.0072	382.3342
380.0046	382.0080	382.3344
380.0052	382.0082	702.1020

*These items will be included in Group III.

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

PART OF

380.0076**	380.3994**	382.3392**
380.3992**	382.0090**	382.3394**

Pullovers	Diaper sets
Aprons	Dress shields
Alter cassocks	Sash belts
Beachwear sets	Apparel with bib
Swim wear	Bibs
Baseball uniforms	Belts for apparel
Sleeping bags for infants	Shoulder straps for brassieres
Halters	Entireties
Men's and boys' coveralls and overalls	

CATEGORY 64

303.2040	352.8010	365.2510
303.2042	353.1010	365.3110
315.0500 (cotton cords)	353.5012	365.3510
315.1000 (cotton cords)	353.5014	365.4010
315.1500 (cotton cords)	353.5016	365.5010
345.1020	357.6010	365.7010
345.1040	357.7010	365.7510
346.4560	357.8010	365.7700
347.1000	360.2000	365.7830
347.1500	372.0400	366.0300
347.2520 (candle wicking and other wicking with fast edges excluding lamp and stove wicking)	385.2500	366.0600
	285.3000	366.0900
	385.4000	366.4500 (plain-woven, wholly of cotton)
	385.6020	
	386.0400	366.4600
347.3340	386.2000	366.6000
347.3380	360.2500	366.6300
348.0010	360.3000	366.6500
348.0510	360.7522	366.6900
350.0010	361.0522	366.7700 (table and bureau covers, center-pieces, runners, scarfs and doilies, plain-woven, wholly of cotton)
351.0500	361.0542	
351.2510	361.5000	
351.4010	363.0100	
351.4610	363.0510	
351.5010	363.0526	
351.6010	363.4020	386.2500
351.8010	363.4040	386.3000
351.9010	363.4520	386.4000
352.1010	363.4540	386.5000 (zipper tape with cord attached)
352.3010	364.1220	
352.4010	365.0000	734.5045
352.5000	365.1510	

ANNEX A (2)

(a) The following limits for specific categories will apply for the first arrangement period:

Group I

(1) Knit shirts other than T-shirts and sweat shirts (category 43)	1,460,000 doz.
(2) Men's and boys' shirts, dress and sport, not knit or crocheted, whether or not in sets (categories 45 and 46)	45,050,000 syds.
(3) Raincoats, $\frac{3}{4}$ length and over (category 48)	124,000 doz.
(4) All other coats (category 49)	317,000 doz.
(5) Trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted (categories 50 and 51)	3,206,000 doz.
(6) Playsuits, sunsuits, washsuits, rompers, creepers, etc., not knit or crocheted (category 54)	465,000 doz.

Group II

(1) Gingham (categories 5 and 6)	83,355,000 syds.
(2) Velveteens (category 7)	4,962,000 syds.
(3) Typewriter ribbon cloth (category 17)	1,781,000 syds.

Group III

(1) Handkerchiefs, except for dedicated handkerchief cloth (part of category 32)	2,273,000 nos.
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Group IV

(1) Shirts, other (including blouses) knit (category 219)	1,535,000 doz.
(2) Sweaters and cardigans, knit (category 221)	1,249,000 doz.
(3) Trousers, slacks and shorts, knit, women's, girls' and infants' (category 222)	980,000 doz.
(4) Blouses, not knit (category 228)	840,000 doz.
(5) Coats, not knit (category 229)	814,000 doz.
(6) Dress shirts, not knit (category 234)	703,000 doz.
(7) Shirts, other, not knit (category 235)	542,000 doz.
(8) Trousers, slacks and shorts, not knit (category 238)	717,000 doz.

Group V

(1) Woven fabrics, other, wholly of continuous man-made fiber (category 208)	137,506,000 syds.
(2) Woven fabrics, other, wholly of non-continuous man-made fiber (category 209)	39,806,000 syds.
(3) Woven fabrics, other, of man-made fibers (category 210)	22,880,000 syds.
(4) Knit fabrics (category 211)	14,870,000 lbs.

Group VI

(1) Woven fabrics of wool, including blankets (carriage robes, lap robes, steamer rugs, etc.) over 3 yards in length (category 104)	28,172,000 syds.
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- (2) Men's and boys' suits (category 120) 321,000 nos.
 (3) Trousers, slacks and shorts (category 124) 1,748,000 nos.

(b) Within the specific limit set forth in Group I(5) above for "Trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted," the following ceilings for specific products will not be exceeded in the first arrangement period:

- (1) Men's and boys' (category 50) 946,000 doz.
 (2) Women's, misses' and children's (category 51) 2,553,000 doz.

(c) Within the specific limit set forth in Group V(3) above for "Woven fabrics, other, of man-made fiber," exports of such fabrics containing 17 percent or more by weight of wool will not exceed 9,991,000 syds., in the first arrangement period.

(d) Within the specific limit set forth in Group VI(1) for "Woven fabrics of wool, including blankets (carriage robes, lap robes, steamer rugs, etc.) over 3 yards in length," exports of woven wool fabrics weighing over 6 ounces per square yard will not exceed 20,841,000 syds., in the first arrangement period.

(e) With respect to the aggregate exports of corduroy apparel in categories 46, 49, 50, 51 and 54, consultations may be requested in the manner set forth in paragraph 7 of this Arrangement.

ANNEX B

Category	Description	Unit	Conversion Factor
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
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

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
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. pr.	3.527
40.	Hose and half hose	doz. pr.	4.6
41.	Men's and boys' all white T-shirts, knits or crocheted. . . .	doz.	7.234
42.	Other T-shirts	doz.	7.234
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, 6 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
60.	Nightwear and pajamas	doz.	51.96
61.	Brassieres and other body supporting garments	doz.	4.75

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
62.	Other knitted or crocheted clothing	lb.	4.6
63.	Other clothing, not knit or crocheted	lb.	4.6
64.	Other cotton manufactures	lb.	4.6
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., 17% or more by weight of wool, but not in chief value of cotton, man-made fiber or wool . . .		*
128(ii)	Woven apparel, n.e.s., 17% or more by weight of wool, but not in chief value of cotton, man-made fiber or wool . . .		*
128(iii)	Other wool textiles, n.e.s., 17% or more by weight 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

* Categories 128(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 wool.

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
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
206.	Woven fabrics, cellulosic, wholly of continuous man-made fiber	syd.	1.0
207.	Woven fabrics, cellulosic, wholly made 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	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

Category	Description	Unit	Conversion Factor
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., 50% or more by weight of man-made fiber, not in chief value of cotton, wool or man-made fiber		*
243(ii)	Woven apparel, n.e.s., 50% or more by weight 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., 50% or more by weight 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

The Secretary of State to the Japanese Ambassador

September 27, 1974

Excellency:

I have the honor to acknowledge receipt of Your Excellency’s note of today’s date enclosing the arrangement attached thereto concerning trade in cotton, 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 renewed assurances of my highest consideration.

For the Secretary of State:
ROBERT S. INGERSOLL

His Excellency Takeshi Yasukawa
Ambassador of Japan

RELATED NOTES

I a

EMBASSY OF JAPAN
WASHINGTON

September 27, 1974

Sir:

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, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes today, I have the honor to state our understanding that the exports of uniquely Japanese products called "Japan Items" of cotton textiles will 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" will 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 have further the honor to request you to be good enough to confirm these understandings on behalf of your Government.

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

Enclosure:

Attachment

[Signed—Signé]¹
Ambassador Extraordinary
and Plenipotentiary of Japan

The Honorable Henry A. Kissinger
Secretary of State of the United States of America

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.

¹ Signed by Takeshi Yasukawa — Signé par Takeshi Yasukawa.

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

<i>Kimono</i>	Traditional Japanese style dress.
<i>Yukata</i>	A type of Kimono, summer-wear made of Yukata-Ji (Plain-woven light fabrics printed in simple colors).
<i>Juban</i>	Underwear for Kimono, fundamentally same style as Kimono.
<i>Haori</i>	Overcoat for Kimono, usually less than 3/4 length.
<i>Wafuku-koto</i>	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 3/4 length.
<i>Happi</i>	Workers' overcoat, similar style with Haori but not dressy.
<i>Judogi or Karategi</i>	Kimono-style sports wear for Judo or Karate, usually accompanied by slim and 3/4 length trousers and by belts.
<i>Kendogi</i>	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.
<i>Kappogi</i>	Apron to be worn over Kimono with broad sleeves, chest and shoulders covered.
<i>Momohiki</i>	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".
<i>Sashiko</i>	Quilted coat which is almost like Happi, typically used by firemen.

(b) Clothing accessories

<i>Obi</i>	(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.
<i>Obishime</i>	Woven decorative belt to be used on top of the Obi (1) above.
<i>Tabi</i>	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.
<i>Koshihimo</i>	Narrow, soft belt to be used between Obi and Kimono, or Kimono and Juban.

<i>Erisugata</i>	A length of stiff cotton cloth to be sewn inside "Eri" collar to give a form or shape.
<i>Sodeguchi</i>	Extra broad sleeves which are based on the short sleeves of Juban.
<i>Homaekake</i>	Men's working apron, thick and heavy. Big in size, usually simple in color.
(c) Household goods	
<i>Futon</i>	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.
<i>Futon-cover</i>	Cover for "Futon". Different from sheets as it covers the stuffing directly, also different in sizes as it is made to contain voluminous stuffings, usually printed or dyed.
<i>Zabuton</i>	Cushion to sit on in Japanese "Tatami" rooms. Approximately a yard square, a few inches thick with soft stuffing.
<i>Furoshiki</i>	Wrapping cloth of about one and a half yards square. Different from scarf in the thickness of the fabric.
<i>Koinobori</i>	Artificial carp to fly on top of a long pole on the occasion of "Boys' Festival" in the Japanese custom.
<i>Noren</i>	Shop curtain to hang at the entrance of shops, short, with vertical cuts in several parts.
<i>Tenugui</i>	Oblong towel, woven, usually with Japanese decorative design.

II a

September 27, 1974

Excellency:

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

[See note I a]

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

For the Secretary of State:
ROBERT S. INGERSOLL

His Excellency Takeshi Yasukawa
Ambassador of Japan

I b

September 27, 1974

Excellency:

On the occasion of the Exchange of Notes effecting thereby the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States, I have the honor 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 'Tariff Schedules of the United States Annotated', in effect as of January 1, 1968, 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 products covered by the TSUSA numbers on this list to be cotton textiles.

Nevertheless, in the event imports from Japan in any of the items or products enumerated in the attached list are increasing so as to cause a real risk of market disruption in the United States 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 will be conducted in the manner provided in paragraph 7 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 will 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 Arrangement Regarding International Trade in Textiles, concerning the items or products enumerated in the attached list.

I have further the honor to request you to be good enough to confirm these understandings on behalf of your Government.

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

For the Secretary of State:
ROBERT S. INGERSOLL

Attachment

His Excellency Takeshi Yasukawa
Ambassador of Japan

ATTACHMENT

300.6020	349.1010	358.2610	366.4500 ³	385.7020
300.6022	349.1012	359.1020	366.4700	385.7520
300.6024	355.0200	359.1040	366.7700 ⁴	385.8020
300.6026	355.5000	359.1060	366.7900	386.5000 ⁶
300.6028	355.6510	360.8022	376.0420	706.2015
303.1000	356.1010	361.1820	376.5400	706.2240
315.0500 ¹	356.1510	361.2010	380.0076 ⁵	706.2270
315.1000 ¹	356.2000	361.5422	380.3980	706.2415
315.1500 ¹	356.2510	361.5622	380.3994 ⁵	727.8020
332.4020	358.0210	363.6025	382.0090 ⁵	727.8040
332.4040	358.0510	363.6040	382.3380	731.4000
347.2520 ²	358.0610	364.1520	382.3394 ⁵	
347.3320	358.2410	366.1520	385.5520	

¹ Part of these items included, i.e., other than cords.

² Part of this item included, i.e., lamp and stove wicking and other wicking without fast edges.

³ Part of this item included, i.e., other than plain-woven and wholly cotton.

⁴ Part of this item included, i.e., other than table and bureau covers, centerpieces, runners, doilies, plain-woven and wholly of cotton.

⁵ Part of these items included, i.e., shoe uppers, belts (other than sash belts and belts for apparel), suspenders and braces.

⁶ Part of this item excluded, i.e., zipper tapes with cord attached.

II b

EMBASSY OF JAPAN
WASHINGTON

September 27, 1974

Sir:

I have the honor to acknowledge receipt of your letter of today's date, which reads as follows:

[See note I b]

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 Arrangement Regarding International Trade in Textiles, the Government of Japan may exercise its rights as an exporting country in accordance with the various relevant provisions of the Arrangement Regarding International Trade in Textiles, including the right to bring questions of interpretation or application of the Arrangement Regarding International Trade in Textiles to the GATT Textiles Committee

in accordance with Article 10 of the Arrangement Regarding International Trade in Textiles.

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

[Signed — Signé]¹
Ambassador Extraordinary
and Plenipotentiary of Japan

The Honorable Henry A. Kissinger
Secretary of State of the United States of America

I c

EMBASSY OF JAPAN
WASHINGTON

September 27, 1974

Sir:

With reference to the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes today, I wish to confirm the Record of Understanding attached hereto which contains the views and intentions expressed by the representatives of the two Governments in the discussions leading to the conclusion of the said Arrangement.

I further wish to request you to be good enough to confirm the Record of Understanding referred to above.

Sincerely yours,

[Signed — Signé]²
Minister Extraordinary
and Plenipotentiary of Japan

Enclosure:
Attachment

The Honorable Thomas O. Enders
Assistant Secretary of State
of the United States of America

RECORD OF UNDERSTANDING

1. With respect to Paragraph 7 of the Arrangement:

(a) In view of the mutually satisfactory operation of the consultation provisions of the preceding arrangements concerning trade in cotton textiles and in wool and man-made fiber textiles between Japan and the United States, which were conducted in good faith on both sides, paragraph 7 will be implemented in the same spirit of mutual co-operation and understanding.

¹ Signed by Takeshi Yasukawa — Signé par Takeshi Yasukawa.

² Signed by Seiya Nishida — Signé par Seiya Nishida.

(b) As prolonged consultations may harm the interests of the exporting country, both Governments will make maximum efforts to complete such consultations within 60 days from the date of request for consultations. During this period, both Governments will refrain from referring the matter to the Textiles Surveillance Body. This period may be extended by agreement between the two Governments.

(c) The Government of the United States of America will take due account of the problems that may arise if consultations are requested at or near the end of any arrangement period.

(d) As paragraph 7 is implemented in the form of export restraint, the Government of the United States of America will honor, in principle, the export licenses already issued, while the Government of Japan will endeavor to avoid exceptionally large issuance of export licenses, particularly extraordinary concentration in one category.

(e) If requested, the Government of Japan will provide to the Government of the United States of America, promptly, information on export licenses and, as soon as practicable, information on license applications for any category during the arrangement period in question, and such additional information on contracts for exports in such category as may be available. Such information may be requested prior to the making of a formal request for consultations, and a request for such information will not constitute a request for consultations.

(f) If a request for consultations would result in an immediate and complete stoppage of issuance of export licenses, a certain reasonable degree of further issuance of export licences will be considered in such consultations. The contracts which have been entered into by the time of the request for consultations will be duly taken into account in such consultations.

2. Whenever the development and marketing of new products based on technical innovation by the Japanese industry requires adjustment in the Arrangement to provide additional flexibility, the Government of the United States of America will give particularly sympathetic consideration to any request by the Government of Japan for such additional flexibility, provided only that such new products are not at the same time displacing existing products falling under the made-up goods or apparel categories.

3. With respect to categories where application or intra-fiber category flexibility as provided for under the Arrangement could result in less flexibility than the provisions under the Arrangement concerning Trade in Wool and Man-made Fiber Textiles between Japan and the United States of January 3, 1972, in the event trade in such categories develops to a point where additional amounts are required to assure the possibility of exports in such categories at levels equal to those available under the flexibility provisions of the above-mentioned Arrangement, exports in such categories would be increased to amounts not less than the amounts available under the flexibility provisions of the above-mentioned Arrangement.

4. (a) Taking into account the changing competitive position of the Japanese man-made fiber yarn industry, specifically with regard to filament yarns (categories 200-202), the two Governments recognize that exports of these yarns from Japan to the United States are unlikely to contribute to conditions of market disruption in the United States during the course of the Arrangement. Accordingly, the Government of the United States of America notes that it does not presently foresee a situation in which it would be necessary to request consultations under paragraph 7 of the Arrangement with respect to such exports from Japan, and the Government of the United States of America will endeavor, to the extent possible, to avoid such request for consultations with respect to such exports. Should a situation develop, however, in which the Government of the United States of America is contemplating such a request for consultations, the Government of the United States of America will discuss this matter informally with the Government of Japan well in advance of a formal request for consultations.

(b) The two Governments note that the substantial flexibility provisions with respect to yarns provided in the Arrangement reflect their recognition that the position of the Japanese yarn industry, particularly with respect to filament yarns, is changing in relation to that of the United States. It is further noted that such an emerging development could well continue during the period of the Arrangement. Accordingly, it is agreed that during the annual consultations under paragraph 10 of the Arrangement planned for the end of the first period of the Arrangement, the treatment of yarns, and particularly filament yarns, will be reviewed in light of developing industry and market conditions to see what, if any, other adjustments to the treatment provided for these products may be appropriate taking into account the above-mentioned industry situation and market conditions and the principles of the Arrangement Regarding International Trade in Textiles.

5. Recognizing difficulties involved in the administration of export restraints on such basket categories as TQ213 (particularly as to woven or knit fabrics, except pile or tufted fabrics, coated or filled with rubber or plastics, or laminated with sheet rubber or plastics) and TQ243 (particularly other articles n.e.s.), the Government of the United States of America will take full account of such difficulties in the event consultations under paragraph 7 of the Arrangement are requested on basket categories.

6. 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, wool and man-made fiber textiles at all ports of entry. Should any difficulties arise in the implementation of the Arrangement relating to the classification of any cotton, wool or man-made fiber textiles, 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.

7. With reference to paragraph 13 of the Arrangement, the Government of Japan will administer export restraints based on a chief weight criterion in such a manner as to avoid, to the extent possible, problems which may arise from differences between the chief weight criterion and the United States Customs classification referred to in paragraph 13 of the Arrangement.

8. The list of categories as set forth in Annex B of the Arrangement will not be changed nor will the coverage of each category listed therein be altered for purposes of the Arrangement without the prior consultation between the two Governments.

9. With regard to the so-called Japan Items of wool and man-made fiber textiles, which are uniquely Japanese products, it is agreed that should the Government of Japan request to exclude from restraints under the Arrangement such Japan Items, similar articles of which are not covered by the Arrangements concerning trade in textiles between the United States and third countries, the Government of the United States of America will be prepared to discuss how to treat the matter in the consultations provided for in the Arrangement.

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

(b) In order to avoid unnecessary work and difficulties, no change will be made in the classification of textiles in the implementation of the 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.

II c

DEPARTMENT OF STATE
WASHINGTON, D. C.

September 27, 1974

Sir:

This is to acknowledge receipt of your letter of today's date and the Record of Understanding attached thereto relating to the discussions leading to the conclusion of the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes today.

I wish to confirm the Record of Understanding referred to above.

Sincerely yours,

[Signed]

THOMAS O. ENDERS
Assistant Secretary
for Economic and Business Affairs

Mr. Seiya Nishida
Minister
Embassy of Japan
Washington, D.C.

I d

EMBASSY OF JAPAN
WASHINGTON

October 1, 1974

Sir:

I wish to confirm the following understanding reached between us during the course of the negotiations concerning the arrangement between the two Governments concerning trade in cotton, wool and man-made fiber textiles:

It is noted that consultations between the experts of the two Governments will be held at an early date to consider the problems related to the scope and definitions of man-made fiber continuous filament yarn categories in the above-mentioned arrangement.

I further wish to request you to be good enough to confirm the foregoing understanding.

Sincerely yours,

[Signed—Signé]¹
Minister Extraordinary
and Plenipotentiary of Japan

Minister Anthony J. Jurich
Senior Advisor to the Executive Director
of the Council on International Economic Policy

¹ Signed by Seiya Nishida — Signé par Seiya Nishida.

II *d*

October 1, 1974

Sir:

This is to acknowledge receipt of your letter of today's date relating to the understanding reached between us concerning the consultations between the experts of the two Governments to consider the problems related to the scope and definitions of man-made fiber continuous filament yarn categories in the arrangement between the two Governments concerning trade in cotton, wool, and man-made fiber.

I further wish to confirm the foregoing understanding.

Sincerely,

[Signed]

ANTHONY J. JURICH
Chairman, Special Working Group
on Textile Trade Policy

The Honorable Seiya Nishida
Minister
Embassy of Japan
