

No. 16227

UNITED STATES OF AMERICA
and
JAPAN

Exchange of notes constituting an agreement concerning specialty steel imports (with annexes, related note and agreed minutes). Washington, 11 June 1976

Exchange of letters constituting an agreement amending the above-mentioned Agreement. Washington, 10 September 1976

Exchange of letters constituting an agreement amending the above-mentioned Agreement of 11 June 1976, as amended. Washington, 28 September 1976

Exchange of letters constituting an agreement amending the above-mentioned Agreement of 11 June 1976, as amended. Washington, 30 September 1976

Exchange of letters constituting an agreement amending the above-mentioned Agreement of 11 June 1976, as amended (with attachments). Washington, 29 October 1976

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EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF JAPAN CONCERNING SPECIALTY STEEL IMPORTS

I

June 11, 1976

Excellency,

I have the honour to refer to the recent discussions held under article XIX of the General Agreement on Tariffs and Trade² between the representatives of the Government of the United States of America and of the Government of Japan during which the Government of the United States of America informed the Government of Japan of import relief measures for specialty steel to be taken by the Government of the United States of America in accordance with sec. 203(a) of the Trade Act of 1974. I have further the honour to confirm that the Government of the United States of America will implement its obligations under the following provisions:

1. (a) The Government of the United States of America will limit imports from Japan of the categories of specialty steel as set forth in Annex A (hereinafter referred to as "the categories") for the period of three years beginning June 14, 1976. In the event that restraint levels as defined in Annex D (b) are reached in any category or categories prior to the end of a restraint period as set forth in Annex B, the Government of the United States of America, unless otherwise mutually agreed, will delay further importation in the categories affected until after the end of that restraint period.

(b) Imports will be counted against restraint levels on the basis of date of entry, or withdrawal from warehouse, for consumption.

(c) The Government of the United States of America will not limit imports from Japan of the categories below the restraint levels therefor.

(d) Imports from Japan of each category during the first half of a restraint period will not exceed 60 percent of the base limit as defined in Annex D (a), or the base limit as adjusted during the first half of the restraint period pursuant to paragraph 3, unless otherwise mutually agreed.

2. (a) If imports from Japan of any category appear likely to exceed the restraint level, or 60 percent thereof in the first half of a restraint period, the Government of the United States of America will endeavor to notify the Government of Japan to that effect.

(b) Should it become necessary for the Government of the United States of America to delay importation in any category due to filling of the restraint level, as much prior notification as possible will be given to the Government of Japan.

3. (a) Any base limit as defined in Annex D (a) may be exceeded in a restraint period by no more than the percentage of that base limit as set forth in Annex C, provided that there is an equal tonnage reduction in the base limit for one or more other categories in the same period.

(b) Following notification by the Government of Japan at the earliest possible date of its intention concerning subparagraph (a) above, the Government of the United States of

¹ Came into force on 11 June 1976 by the exchange of the said notes.

² United Nations, *Treaty Series*, vol. 55, p. 187.

America will make an appropriate adjustment of the applicable base limits, consistent with Annex C.

4. (a) For each category having a shortfall, carryover will be permitted by up to 4 percent of the base limit for the restraint period in which the shortfall occurs, but not in excess of the actual shortfall. Shortfalls in one category may not be applied to any other category. Such carryover will be permitted only during the first thirty days of the restraint period following the one in which the shortfall occurs.

(b) For the purpose of this paragraph, a shortfall occurs when imports of any category from Japan during any restraint period are below the base limit for that category.

(c) If, in accordance with the provisions of paragraph 3, all or part of a base limit of any category has been reallocated to the base limit of one or more other categories, such amounts will not be considered a shortfall and hence not available for carryover.

5. If the Government of Japan considers that as a result of the application of the provisions of this Note, Japan is placed in an inequitable position *vis-à-vis* third countries in respect of specialty steel imports into the United States, the Government of Japan may request consultations with the Government of the United States of America.

6. (a) Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising out of the implementation of the provisions of this Note, including differences in procedure or operation.

(b) The two Governments may amend the provisions of this Note, if such amendments are mutually agreeable.

7. (a) No provision of this Note will be construed as affecting the respective positions of the two Governments with respect to paragraphs 3 (c) and 3 (d) of the Declaration of Ministers approved at Tokyo on 14 September, 1973.

(b) No provision of this Note will be construed as applying to prices or production of specialty steel, or allocation of shipments among firms selling or buying specialty steel.

8. (a) Either Government may request consultations on any matters arising from the provisions of this Note. Such consultations will take place at a mutually convenient time not later than thirty days from the date on which such request is made, unless otherwise mutually agreed.

(b) If, in the view of either Government, the economic conditions prevailing at the time of the recent discussions mentioned above have changed substantially, that Government may initiate consultations for the purpose of discussing the possibility of liberalizing or terminating the import relief measures referred to in the provisions of this Note prior to the expiration of the period of three years.

(c) Either Government may terminate the provisions of this Note in their entirety by giving sixty days' written notice to the other Government.

9. The reciprocal rights and obligations of the two Governments under the General Agreement on Tariffs and Trade will be reserved while the provisions of this Note remain in effect. For the purpose of the time limitation as set forth in article XIX(3)(a) of the General Agreement on Tariffs and Trade, the period of ninety days will be considered to begin on the date of termination of the provisions of this Note in their entirety and continue so long as import relief measures by the Government of the United States of America on all or part of the categories remain in force.

10. (a) The Government of Japan will provide promptly to the Government of the United States of America monthly data on exports of the categories to the United States.

(b) The Government of the United States of America will provide promptly to the Government of Japan monthly data on imports of the categories from Japan.

I have further the honour to request you to confirm on behalf of the Government of Japan that it will implement its obligations under the above provisions and

to propose that this Note and Your Excellency's Note in reply will constitute an agreement between the two Governments as characterized in the above provisions.

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

[Signed]

FREDERICK B. DENT
Special Representative
for Trade Negotiations

His Excellency Fumihiko Togo
Ambassador Extraordinary and Plenipotentiary
of Japan

ANNEX A

The following items from the Tariff Schedules of the United States Annotated (as revised May 1, 1976) are covered by the provisions of the Note and are included in the five basic categories used for setting base limits:

Category	Description and TSUSA Items	Category	Description and TSUSA Items
I.	<i>Stainless Steel Sheet and Strip</i>	V.	<i>Alloy Tool Steel</i>
	608.85 40		608.52 20
	608.88 40		608.52 30
	609.06 30		608.52 60
	609.07 20		608.52 70
	609.08 20		608.76 40
II.	<i>Stainless Steel Plate</i>		608.76 60
	608.85 10		608.78 40
	608.89 10		608.78 60
III.	<i>Stainless Steel Bar</i>		608.85 06
	608.52 10		608.88 06
	608.52 50		609.06 65
IV.	<i>Stainless Steel Rod</i>		609.07 65
	608.76 20		609.08 65
	608.78 20		

ANNEX B

The base limits for the five basic categories will apply for the restraint periods as follows:

Restraint period	Thousands of short tons						
	Stainless steel					Alloy tool steel	Total specialty steel
	Sheet and strip	Plate	Bar	Rod			
June 14, 1976 to							
June 13, 1977	38.6	5.6	13.0	5.7	3.5	66.4	
June 14, 1977 to							
June 13, 1978	38.9	5.9	14.0	5.9	3.7	68.4	
June 14, 1978 to							
June 13, 1979	39.8	6.3	14.5	6.0	3.8	70.4	

ANNEX C

Maximum percentage increases in base limits of receiving categories, as referred to in paragraph 3 of the Note, are as follows:

<i>Restraint period</i>	<i>Stainless steel</i>					<i>Alloy tool steel</i>
	<i>Sheet and strip</i>	<i>Plate</i>	<i>Bar</i>	<i>Rod</i>		
June 14, 1976—						
June 13, 1977	10	1	1	1		1
June 14, 1977—						
June 13, 1978	10	1	3	3		3
June 14, 1978—						
June 13, 1979	10	1	3	3		3

ANNEX D

For the purposes of the provisions of the Note:

(a) The term “base limit” means the amount of imports of a category of specialty steel from Japan into the United States in short tons as set forth in Annex B that may be entered, or withdrawn from warehouse, for consumption in any restraint period, prior to any adjustment allowed under paragraph 3 of the Note.

(b) The term “restraint level” means a base limit referred to in (a) above with adjustment, if any, pursuant to the provisions of paragraph 3 of the Note.

(c) The term “imports” refers to United States imports classified under the items listed in Annex A entered for consumption (encompassing transshipments through third countries and shipments diverted to the United States market while in transit; informal entries (valued at less than \$250); temporary imports under bond; re-imports of items exported for processing (TSUSA806.30); and United States Government imports).

(d) The term “restraint period” means a twelve-month period running from June 14 of one year through June 13 of the subsequent year.

II

EMBASSY OF JAPAN
WASHINGTON

June 11, 1976

Excellency:

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

[See note I]

I have further the honour to confirm on behalf of the Government of Japan that it will implement its obligations under the above provisions and to agree that Your Excellency's Note and this Note will constitute an agreement between the two Governments as characterized in the above provisions.

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

[Signed — Signé]¹

Ambassador Extraordinary
and Plenipotentiary
of Japan

His Excellency Frederick B. Dent
The Special Representative for Trade Negotiations

RELATED NOTE

EMBASSY OF JAPAN
WASHINGTON

June 11 1976

Excellency:

On behalf of the Government of Japan, I have the honor to inform you of the intention of the Government of Japan that the rights under article XIX (3) (a) of the General Agreement on Tariffs and Trade, if invoked by the Government of Japan after the termination of the effectiveness of the Notes exchanged, will not be exercised with respect to the import relief measures for specialty steel taken by the Government of the United States of America before such termination.

[Signed — Signé]¹

Ambassador Extraordinary
and Plenipotentiary
of Japan

His Excellency Frederick B. Dent
The Special Representative for Trade Negotiations

AGREED MINUTES

The representatives of the Government of Japan and of the Government of the United States of America wish to record the following understanding concerning the Notes exchanged on June 11, 1976.

1. It is understood that the content of the Notes exchanged does not prejudice the respective positions of the two Governments with respect to article XIX(1) of the General Agreement on Tariffs and Trade.

2. Imports entering under the carryover provisions of paragraph 4 of the Notes exchanged will be counted as if entered in the restraint period in which the shortfall occurred.

3. It is intended that consultations under paragraph 8(b) of the Notes exchanged will be held in any case before the end of the 2nd restraint period.

¹ Signed by Fumihiko Togo — Signé par Fumihiko Togo.

4. Consultations under paragraph 8(a) of the Notes exchanged may cover the problem of spacing and possible amendments to the percentages for the 2nd and 3rd restraint periods provided for in Annex C to the Notes exchanged.

5. Consultations between the Government of Japan and the Government of the United States of America will be initiated by written notice to the Ministry of Foreign Affairs, in the case of Japan, and the Office of the Special Representative for Trade Negotiations, in the case of the United States.

6. Japan will be allocated 45.2 percent of total specialty steel imports permitted from all sources into the United States in each restraint period. Any resulting increase in the amount of total specialty steel imports permitted from Japan by applying this share will be added to the base limits for the stainless steel sheet and strip referred to in Annex B to the Notes exchanged.

7. It is understood that if there are any exclusions made from Annex A to the Notes exchanged, there will be appropriate corresponding reductions in the base limits in Annex B to the Notes exchanged, in an amount to be mutually agreed.

For the Government
of Japan:

[Signed — Signé]¹

For the Government
of the United States of America:

[Signed — Signé]²

Washington, D.C., June 11, 1976

¹ Signed by Fumihiko Togo — Signé par Fumihiko Togo.

² Signed by Frederick B. Dent — Signé par Frederick B. Dent.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF JAPAN AMENDING
THE AGREEMENT OF 11 JUNE 1976² CONCERNING SPE-
CIALTY STEEL IMPORTS

I

*The General Counsel, Office of the Special Representative for Trade
Negotiations, to the Japanese Commercial Minister*

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

September 10, 1976

Dear Minister Kawahara:

I am writing with reference to discussions held on September 9, 1976, between officials of the Government of Japan and the United States Government concerning resolution of the problem which has arisen from the classification of high carbon chrome bearing steel as "alloy tool steel" as that term is used in the Notes dated June 11, 1976,² exchanged between the Government of Japan and the United States Government.

In order to minimize unintended interference with entry of these steel shipments during the period that an appropriate solution to this problem is being developed, I propose on behalf of the United States Government that, pursuant to paragraph 1 (*d*) of the provisions contained in the Notes, that the 60 percent limitation cited in that paragraph not apply to imports of alloy tool steel during the restraint period June 14, 1976, to June 13, 1977.

After receiving your letter indicating that the Government of Japan has no objection to the above proposal, an appropriate notice of this exception will be published in the *Federal Register*. The exception will be effective on the day following the date of publication in the *Federal Register*.

Very truly yours,

[Signed]

ALAN WM. WOLFF
General Counsel

The Honorable Yoshio Kawahara
Commercial Minister
Embassy of Japan

¹ Came into force on 10 September 1976 by the exchange of the said letters, with effect from 17 September 1976, in accordance with the provisions of the said letters.

² See p. 260 of this volume.

II

EMBASSY OF JAPAN
WASHINGTON, D.C.

September 10, 1976

Dear Mr. Wolff:

I wish to acknowledge the receipt of your letter dated September 10, 1976, and to inform you that the Government of Japan has no objection to your proposal that, pursuant to paragraph 1 (a) of the provisions contained in the Notes dated June 11, 1976, exchanged between the Government of Japan and the United States Government, the 60% limitation cited in that paragraph will not apply to imports of alloy tool steel during the restraint period from June 14, 1976, to June 13, 1977.

Very truly yours,

[Signed]

YOSHIO KAWAHARA
Commercial Minister

Mr. Alan Wm. Wolff
General Counsel
Office of the Special Representative
for Trade Negotiations
Washington, D.C.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF JAPAN AMENDING
THE AGREEMENT OF 11 JUNE 1976² CONCERNING SPE-
CIALTY STEEL IMPORTS, AS AMENDED³

I

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

28 September 1976

Excellency,

I am writing with reference to the problem which has arisen due to the counting of certain steel suitable for bearings, imported from Japan, as "alloy tool steel" under the Notes exchanged between the Government of Japan and the United States Government on June 11, 1976.²

In order to minimize unintended interference with entry of these steel shipments during the period that an appropriate solution to this problem is being developed, I propose on behalf of the United States Government that, pursuant to paragraph 6(b) of the provisions contained in the Notes, 100 percent as a maximum increase rate instead of 1 percent set forth in Annex C thereto will apply to imports of alloy tool steel during the restraint period from June 14, 1976, to June 13, 1977.

I would further propose that should further arrangements be required in connection with the problem that I have referred to above, that such arrangements be made through consultations between appropriate designated officials of the Embassy of Japan and of the Office of the Special Representative for Trade Negotiations.

After receiving your letter indicating that the Government of Japan has no objection to the above proposals and agrees to the steps proposed above, an appropriate notice will be published in the *Federal Register* and necessary changes in the Tariff Schedules of the United States will be made effective on the date of publication.

Sincerely,

[Signed]

FREDERICK B. DENT

His Excellency Fumihiko Togo
Ambassador Extraordinary and Plenipotentiary
of Japan

¹ Came into force on 28 September 1976 by the exchange of the said letters, with effect from 30 September 1976, in accordance with the provisions of the said letters.

² See p. 260 of this volume.

³ See pp. 260 and 266 of this volume.

II

EMBASSY OF JAPAN
WASHINGTON, D.C.

September 28, 1976

Excellency,

This is to acknowledge the receipt of your letter of September 28, 1976, with respect to the Notes exchanged on June 11, 1976, between the Government of Japan and the United States Government concerning trade in certain articles of stainless steel or alloy tool steel.

I hereby inform you that the Government of Japan has no objection to your proposals and agrees to the steps proposed in your letter.

[Signed — Signé]¹

Ambassador Extraordinary
and Plenipotentiary
of Japan

His Excellency Frederick B. Dent
The Special Representative
for Trade Negotiations

¹ Signed by Fumihiko Togo — Signé par Fumihiko Togo.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF JAPAN AMENDING
THE AGREEMENT OF 11 JUNE 1976² CONCERNING SPE-
CIALTY STEEL IMPORTS, AS AMENDED³

I

EMBASSY OF JAPAN
WASHINGTON, D.C.

September 30, 1976

Dear Mr. Wolff:

With reference to the Notes exchanged between the Government of Japan and the United States Government on June 11, 1976,² I am instructed by my Government to inform you as follows:

Pursuant to paragraph 3(b) of the provisions contained in the Notes, the Government of Japan wishes to notify the United States Government that during the restraint period of June 14, 1976, to June 13, 1977, the base limit of category V (Alloy tool steel) as defined in Annex D(a) will be exceeded by three thousand five hundred short tons (3,500 S/T) and the equivalent amount will be reduced from the base limit of category I (Stainless steel sheet and strip). The Government of Japan also wishes that the United States Government, in accordance with the aforementioned paragraph, make an appropriate adjustment of the applicable base limits, consistent with Annex C as amended by exchange of letters on September 28, 1976.

Very truly yours,

[Signed]

YOSHIO KAWAHARA
Commercial Minister

Mr. Alan Wm. Wolff
General Counsel
Office of the Special Representative
for Trade Negotiations
Washington, D.C.

¹ Came into force on 30 September 1976 by the exchange of the said letters.

² See p. 260 of this volume.

³ See pp. 260, 266 and 268 of this volume.

II

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

September 30, 1976

Dear Minister Kawahara:

This is to acknowledge the receipt of your letter of September 30, 1976, with respect to the Notes exchanged between the Government of Japan and the United States Government on June 11, 1976.

By this letter, pursuant to paragraph 3(b) of the provisions contained in the Notes, the Government of Japan is notifying the United States Government that during the restraint period of June 14, 1976, to June 13, 1977, the base limit of category V (Alloy tool steel) as defined in Annex D(a) will be exceeded by three thousand five hundred short tons (3,500 S/T), and the equivalent amount should be reduced from the base limit of category I (Stainless steel sheet and strip). Accordingly the United States Government, in accordance with the aforementioned paragraph, will reflect the appropriate adjustments of the applicable base limits in the Tariff Schedules of the United States, consistent with Annex C as amended by exchange of letters on September 28, 1976.

Very truly yours,

[Signed]

ALAN WM. WOLFF
General CounselYoshio Kawahara
Commercial Minister
Embassy of Japan
Washington, D.C.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF JAPAN AMENDING
THE AGREEMENT OF 11 JUNE 1976² CONCERNING SPE-
CIALTY STEEL IMPORTS, AS AMENDED³

I

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

October 29, 1976

Excellency,

I am writing with reference to the problem which has arisen from the classification of certain steel suitable for bearings, imported from Japan, as "alloy tool steel" under the Notes exchanged between the Government of Japan and the United States Government on June 11, 1976.²

In order to minimize unintended interference with entry of these steel shipments during the period that an appropriate solution to this problem is being developed, I propose pursuant to paragraph 6(b) of the provisions contained in the above-mentioned Notes the following:

1. The existing "alloy tool steel" category (TSUS item 923.24) will be deleted and replaced by two new categories: (1) steel described in attachment 1 to this letter (TSUS item 923.25) and (2) alloy tool steel excluding steel provided for in attachment 1 (TSUS item 923.26). These items will be assigned the quota quantities set forth in attachment 2 to this letter.

2. The suspension of the 60% limitation contained in the letters of September 10, 1976, will be rescinded. The 60% limitation for the first six months will not apply to the category of steel described by TSUS item 923.25. The limit will apply to the category of steel described by TSUS item 923.26.

3. The maximum percentage increase applicable for the category of steel described by TSUS item 923.26 will be 1 percent. There will be no such limit for the category of steel described by TSUS item 923.25. The changes made by our letters of September 28, 1976, will be rescinded.

4. The tonnage shifted from sheet and strip to alloy tool steel pursuant to the letters of September 30, 1976, will be returned to the sheet and strip category.

In order to give effect to the above proposals, we would have to complete the appropriate internal United States Government procedures. Following this, an appropriate notice would be published in the *Federal Register* and necessary modifications of the Tariff Schedules of the United States would be made effective not later than three days following the date of such publication. After receiving your letter indi-

¹ Came into force on 29 October 1976 by the exchange of the said letters, with effect from 21 November 1976, in accordance with the provisions of the said letters.

² See p. 260 of this volume.

³ See pp. 260, 266, 268 and 270 of this volume.

cating that the Government of Japan has no objection to the above proposals and agrees to the steps proposed above, I will undertake these actions promptly.

Sincerely,

[Signed]

FREDERICK B. DENT

His Excellency Fumihiko Togo
Ambassador Extraordinary and Plenipotentiary
of Japan

ATTACHMENT 1

Definition of certain alloy tool steels

Alloy tool steel of the types provided for in items 608.52, 608.76, 608.78, 608.85, 608.88, 609.06, 609.07, and 609.08, which contain, in addition to iron, each of the following elements by weight in the amounts specified:

- carbon: not less than 0.95 nor more than 1.13 percent;
- manganese: not less than 0.22 nor more than 0.48 percent;
- sulfur: none, or not more than 0.03 percent;
- phosphorus: none, or not more than 0.03 percent;
- silicon: not less than 0.18 nor more than 0.37 percent;
- chromium: not less than 1.25 nor more than 1.65 percent;
- nickel: none, or not more than 0.28 percent;
- copper: none, or not more than 0.38 percent;
- molybdenum: none, or not more than 0.09 percent.

ATTACHMENT 2

Quota quantities

<i>Item</i>	<i>Restraint period</i>	<i>Thousands of short tons</i>
923.25	June 14, 1976–June 13, 1977	19.8
	June 14, 1977–June 13, 1978	22.0
	June 14, 1978–June 13, 1979	24.3
923.26	June 14, 1976–June 13, 1977	3.5
	June 14, 1977–June 13, 1978	3.7
	June 14, 1978–June 13, 1979	3.8

II

EMBASSY OF JAPAN
WASHINGTON, D.C.

October 29, 1976

Excellency,

This is to acknowledge the receipt of your letter of October 29, 1976, with respect to the Notes exchanged on June 11, 1976, between the Government of Japan and the United States Government concerning trade in certain articles of stainless steel or alloy tool steel.

I hereby inform you that the Government of Japan has no objection to your proposals and agrees to the steps proposed in your letter.

[Signed — Signé]¹

Ambassador Extraordinary
and Plenipotentiary
of Japan

His Excellency Frederick B. Dent
The Special Representative
for Trade Negotiations

¹ Signed by Fumihiko Togo — Signé par Fumihiko Togo.