
**UNITED STATES OF AMERICA
and
REPUBLIC OF CHINA**

Exchange of notes constituting an agreement relating to trade of non-rubber footwear (with annexes, agreed minutes and related notes). Washington, 14 June 1977

Exchange of letters constituting an agreement amending the above-mentioned Agreement. Washington, 4 and 5 August 1977

Authentic texts: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CHINE**

Échange de notes constituant un accord relatif au commerce de chaussures en matériaux autres que le caoutchouc (avec annexes, procès-verbal approuvé et notes connexes). Washington, 14 juin 1977

Échange de lettres constituant un accord modifiant l'Accord susmentionné. Washington, 4 et 5 août 1977

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 24 novembre 1978.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND THE
REPUBLIC OF CHINA RELATING TO TRADE OF NON-
RUBBER FOOTWEAR.

I

EMBASSY OF THE REPUBLIC OF CHINA
WASHINGTON, D.C.

June 14, 1977

Excellency:

I have the honor to refer to the recent discussions between representatives of the Government of the Republic of China and the Government of the United States of America with respect to exports from the Republic of China of non-rubber footwear. I have further the honor to confirm that the Government of the Republic of China will implement the measures and obligations to which it has agreed, under the following provisions:

1. The Government of the Republic of China will administer its control over exports to the United States from the Republic of China of non-rubber footwear as defined in Annex A (hereinafter referred to as "non-rubber footwear"), at the levels set forth in Annex B, for the period from June 28, 1977, through June 30, 1978, and thereafter from July 1, 1978 through June 30, 1981.

2. The Government of the United States of America will assist the Government of the Republic of China in implementing its control over exports of non-rubber footwear to the United States at the levels set forth in Annex B as follows:

(a) All non-rubber footwear articles exported from the Republic of China to the United States on or after June 28, 1977, will be counted against the restraint levels applicable to the restraint period in which they are exported.

(b) Except as provided in paragraphs 4 and 5, in the event that the restraint level set forth in Annex B is reached for a category prior to the end of a restraint period, the Government of the United States of America will delay further importation in the category affected until after the end of that restraint period.

(c) All non-rubber footwear articles exported from the Republic of China on or after June 28, 1977, will be denied importation for consumption by the United States unless such articles have been issued an export visa by the Government of the Republic of China.

(d) (i) All non-rubber footwear articles exported from the Republic of China that are in bonded warehouses as of May 14, 1977, may be withdrawn from warehouse for consumption on or before the 20th day following the date of publication of the Agreement embodied in these Notes. Thereafter, such articles may be withdrawn from warehouse for consumption only if they have been issued export visas by the Government of the Republic of China.

(ii) All other non-rubber footwear articles exported from the Republic of China prior to June 28, 1977, may be entered for consumption in the United States prior to September 1, 1977, provided that all such articles entered for consumption on or after June 1, 1977, in excess

¹ Came into force on 14 June 1977 by the exchange of the said notes, with effect from 28 June 1977.

of 33 million pairs will be counted against the restraint levels for the first restraint year by pro-rating them among the categories specified in Annex B according to the percentages of the total annual restraint level comprised by each category.

(e) Exceptions to the specification in subparagraph (a) above that imports are to be counted against restraint levels for the restraint period in which they are exported may be made in order to (1) permit imports that are exported in one restraint period, but that are not imported for consumption until more than 90 days following the beginning of the subsequent restraint period, to be counted against the restraint levels for that subsequent restraint period; and (2) permit imports that were exported in one restraint period, but that were denied entry in that restraint period pursuant to subparagraph (b) above, to be counted against the restraint levels for the subsequent restraint period.

3. The Government of the Republic of China will use its best efforts to space exports of non-rubber footwear to the United States within each category evenly throughout the restraint period, taking into consideration normal seasonal factors.

4. (a) In the event a shortfall occurs with respect to a restraint level for a category during a restraint period, carryover may be made to the next annual restraint period of up to 11 percent of that restraint level in the previous period, but not in excess of the actual shortfall. Shortfalls in one category may not be applied to any other category.

(b) If, in accordance with paragraph 5, part of a restraint level of any category has been reallocated to the restraint level of another category, such amount will not be considered a shortfall and hence would not be available for carryover.

(c) The restraint levels for each category may be exceeded by not more than 6 percent in any one restraint period. Any restraint level that is exceeded in one restraint period will be reduced for the subsequent restraint period by the amount by which it was exceeded.

(d) Subparagraphs (a) and (c) may not be used in combination to increase the restraint level applicable to any category in any restraint period by more than 11 percent.

(e) The Government of the Republic of China will provide timely notice to the Government of the United States of America of its intention to exercise the rights provided in subparagraph (a) or (c) above, and the Government of the United States of America will endeavor to make appropriate adjustments in the applicable restraint levels.

5. (a) The restraint level specified in Annex B for leather footwear and for plastic footwear may be exceeded in a restraint period by no more than 10 percent of the total restraint level applicable to that category for that period, and the restraint level specified in Annex B for the category designated "Other" may be exceeded in a restraint period by no more than 15 percent of the total restraint level applicable to that category for that period, provided that the restraint level applicable to one or more other categories in the same restraint period is reduced by the same absolute amount.

(b) Following notification by the Government of the Republic of China at the earliest possible date of its intention concerning subparagraph (a) above, the Government of the United States of America will make appropriate adjustments of the applicable restraint levels.

6. The Government of the United States of America will notify the Government of the Republic of China as soon as possible should it become necessary for the Government of the United States of America to delay importation in any category due to filling of the applicable restraint level.

7. Commencing three months prior to the end of the second restraint period, and annually thereafter, the Government of the Republic of China and the Government of the United States of America may consult with respect to the possibility of adjusting upward, for the latter part of the second and subsequent restraint periods, the restraint levels specified in Annex B. In any consultations conducted pursuant to this paragraph, the Government of the United States of America shall take into account, *inter alia*, the state of its domestic footwear industry.

8. The Government of the Republic of China will promptly supply the Government of the United States of America with data on monthly exports to the United States of non-rubber footwear as such data become available. The Government of the United States of America will supply the Government of the Republic of China with data on monthly imports of non-rubber footwear, by principal countries of origin, as such data become available. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government. In accordance with current practice, United States data will be used in determining the necessity for delay by the Government of the United States of America of any imports pursuant to these Notes.

9. (a) Consultations between the Government of the Republic of China and the Government of the United States of America with respect to the implementation of these Notes will be held at least once annually.

(b) Either Government may request consultations at any time on any matters arising from the provisions of these Notes, including, *inter alia*, any problems that may arise relating to circumventions of the Agreement embodied in these Notes. 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.

(c) Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising in the implementation of these Notes, including differences in points of procedure or operation.

10. (a) If the Government of the Republic of China considers that, as a result of the application of the provisions of these Notes, the Republic of China is placed in an inequitable position *vis-à-vis* other major exporting countries in respect of exports to the United States of non-rubber footwear, the Government of the Republic of China may initiate consultations with the Government of the United States of America.

(b) The Government of the United States of America will take appropriate remedial measures in the event that it is agreed that United States imports of non-rubber footwear from other major exporting countries have increased rapidly to the disadvantage of producers in the Republic of China.

11. Any rights of trade retaliation that the Government of the Republic of China may have under existing treaties or commercial arrangements will not be exercised with respect to measures taken by the Government of the United States of America pursuant to these Notes.

12. The two Governments may amend the provisions of these Notes if such amendments are mutually agreeable.

13. No provision of these Notes will be construed as applying to prices or production of non-rubber footwear, or allocation of shipments among firms selling (except that it is recognized that such allocations may be deemed necessary and therefore directed by the Government of the Republic of China in its implementation of the provisions of these Notes) or buying non-rubber footwear.

14. Either Government may terminate the provisions of these Notes by giving sixty days' prior written notice to the other Government.

15. The foregoing provisions of these Notes will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

I have further the honor to request Your Excellency to confirm on behalf of the Government of the United States of America that it will implement its measures and 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 by the above provisions.

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

[Signed]

JAMES C. H. SHEN
Ambassador of the Republic
of China

His Excellency Robert S. Strauss
The Special Representative
for Trade Negotiations
Washington, D.C.

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 Agreement:

- Footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and disposable footwear designed for one-time use provided for in item 700.85), of the Tariff Schedules of the United States (TSUS).

ANNEX B

The Government of the Republic of China will apply restraints on exports to the United States of non-rubber footwear as defined in Annex A during the period specified at the levels indicated.

EXPORTS FOR PERIOD (million pairs)

| Category | Period 1 | Period 2 | Period 3 | Period 4 |
|-------------------------------|----------|----------|----------|----------|
| T1 Leather ¹ | 9.76 | 10.0 | 10.24 | 10.48 |
| T2 Plastic ² | 104.68 | 107.25 | 109.82 | 112.40 |
| T3 Other ³ | 7.56 | 7.75 | 7.94 | 8.12 |
| TOTAL | 122.00 | 125.00 | 128.00 | 131.00 |

⁽¹⁾ Category T1 consists of leather footwear provided for in TSUS item numbers 700.05 through 700.45, inclusive.

⁽²⁾ Category T2 consists of plastic footwear provided for in TSUS item number 700.58.

⁽³⁾ Category T3 consists of footwear of other materials provided for in TSUS item numbers 700.66, 700.68, 700.70, 700.80, 700.83, and 700.85 (except 700.8510).

II

The Special Representative for Trade Negotiations to the Chinese Ambassador

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

WASHINGTON

June 14, 1977

Excellency,

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

[See note I]

I have further the honor to confirm on behalf of the Government of the United States of America that it will implement its measures and 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]

ROBERT S. STRAUSS

The Special Representative
for Trade Negotiations

EMBASSY OF THE REPUBLIC OF CHINA

WASHINGTON, D.C.

AGREED MINUTES

The representatives of the Government of the Republic of China and the Government of the United States of America wish to record the following understanding concerning the Notes exchanged on June 14, 1977.

1. It is understood that paragraph 10 includes countries that agree to limit exports of non-rubber footwear to the United States at approximately the same time that the Republic of China undertakes such an agreement.

2. In accordance with assurances that have been received by the Government of the United States of America, it is understood that there will not, as a result of this Agreement, be major shifts away from the normal pattern of exports to the United States in non-rubber footwear by type, material, or price range. It is further understood that shifts in exports of non-rubber footwear among types, materials, and price ranges that reflect market trends in the United States will not be considered major shifts in the sense of this paragraph.

3. It is understood that in the event that the Government of the United States of America considers that major shifts of the type described in the preceding agreed minute have occurred, it may initiate consultations with a view toward the prompt resolution of such problems.

4. In the technical administration of the Agreement embodied in these Notes, the Government of the United States of America will be guided generally by the procedures used to implement the Agreement between the United States of America and the Republic of China regarding International Trade in Textiles.¹

5. It is understood that nothing in the Agreement shall affect the unilateral right of the Government of the United States of America, acting in accordance with its domestic law, to take actions affecting imports of non-rubber footwear from countries other than the Republic of China.

6. It is understood that the Government of the United States of America may, in its discretion, permit shifts into the Category "Other" greater than those provided for in paragraph 5(a), up to a total of 50 percent of that category, provided that the

¹ United Nations, *Treaty Series*, vol. 930, p. 162.

restraint levels applicable to one or more other categories in the same restraint period are reduced by the same absolute amount.

For the Government
of Republic of China:

[*Signed*]

JAMES C. H. SHEN
Ambassador
of the Republic of China

For the Government
of the United States of America:

[*Signed*]

ROBERT S. STRAUSS
The Special Representative
for Trade Negotiations

Washington, D.C., June 14, 1977

RELATED NOTES

EMBASSY OF THE REPUBLIC OF CHINA
WASHINGTON, D.C.

June 14, 1977

Excellency:

On behalf of the Government of the Republic of China, I have the honor to inform you that the Government of the Republic of China does not expect that the Agreement between the United States of America and the Republic of China regarding trade in non-rubber footwear will be extended beyond its intended expiration on June 30, 1981, and that the Government of the Republic of China does not favor such an extension.

[*Signed*]

JAMES C. H. SHEN
Ambassador of the Republic
of China

His Excellency Robert S. Strauss
The Special Representative
for Trade Negotiations
Washington, D.C.

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

June 14, 1977

Excellency,

On behalf of the Government of the United States of America, I have the honor to inform you that several small United States firms have expressed concern regarding the issuance of export visas for non-rubber footwear. It is my understanding that, in

the administration and allocation of export visas, the Government of the Republic of China will take into account the interests of small firms.

[Signed]

ROBERT S. STRAUSS
The Special Representative
for Trade Negotiations

His Excellency James C.H. Shen
Ambassador of the Republic of China
Washington, D.C.

EMBASSY OF THE REPUBLIC OF CHINA
WASHINGTON, D.C.

June 14, 1977

Excellency,

On behalf of the Government of the Republic of China, I have the honor to refer to your letter concerning the administration and allocation of export visas, and to take note of the views expressed therein.

[Signed]

JAMES C. H. SHEN
Ambassador of the Republic
of China

His Excellency Robert S. Strauss
The Special Representative
for Trade Negotiations
Washington, D.C.

EMBASSY OF THE REPUBLIC OF CHINA
WASHINGTON, D.C.

June 14, 1977

Excellency,

On behalf of the Government of the Republic of China, I have the honor to assure you that the Government of the Republic of China is aware of the sensitivity of the United States market to imports of non-rubber footwear manufactured with polyurethane. I further have the honor to assure you that any increases in exports of polyurethane footwear from the Republic of China to the United States will take place at a moderate rate, and that there will be no large-scale shifting from vinyl footwear to polyurethane footwear among exports from the Republic of China to the United States. The Government of the United States of America may initiate

consultations with respect to the matters described herein with a view to resolving any problem arising therefrom.

[Signed]

JAMES C. H. SHEN
Ambassador of the Republic
of China

His Excellency Robert S. Strauss
The Special Representative
for Trade Negotiations
Washington, D.C.

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

June 14, 1977

Excellency,

On behalf of the Government of the United States of America, I have the honor to inform you that the Government of the United States of America currently is monitoring, and will continue to monitor, footwear imports according to the categories set forth in the Annex to this letter. I further have the honor to inform you that the Government of the United States of America may take such categories into account in any consultations that may be initiated pursuant to paragraphs 2 and 3 of the Agreed Minutes to the Agreement between the Republic of China and the United States of America regarding trade in non-rubber footwear.

[Signed]

ROBERT S. STRAUSS
The Special Representative
for Trade Negotiations

His Excellency James C. H. Shen
Ambassador of the Republic of China
Washington, D.C.

IMPORT MONITORING CATEGORIES

Category A. Men's, Youths', and Boys' Leather Footwear includes the following TSUSA item numbers (1976): 700.2020, 700.2630, 700.2738, 700.2960, 700.3530, 700.3535, 700.3540, 700.3545, 700.3550, 700.3555, 700.3575, 700.3580.

Category B. Women's and Misses' Leather Footwear includes the following TSUSA item numbers (1976): 700.2045, 700.2050, 700.4110, 700.4120, 700.4310, 700.4315, 700.4320, 700.4325, 700.4330, 700.4335, 700.4340, 700.4345, 700.4360, 700.4365, 700.4510, 700.4515, 700.4520, 700.4525, 700.4530, 700.4535, 700.4540, 700.4545, 700.4560, 700.4565.

Category C1. "Vinyl" (Plastic) Footwear for Men, Youths, and Boys includes the following TSUSA item numbers (1976): 700.5837, 700.5839, 700.5877, 700.5879.

Category C2. “Vinyl” (Plastic) Footwear for Women and Misses includes the following TSUSA item numbers (1976): 700.5847, 700.5849, 700.5881, 700.5883.

Category D. Athletic Footwear includes the following TSUSA item numbers (1976): 700.2800, 700.2920, 700.3505, 700.3515, 700.4305, 700.4505.

Category E. Work Footwear includes the following TSUSA item numbers (1976): 700.2610, 700.2718, 700.2940, 700.3527, 700.3529.

Category F. Children’s and Infants’ Footwear includes the following TSUSA item numbers (1976): 700.2060, 700.4130, 700.4140, 700.4350, 700.4355, 700.4370, 700.4375, 700.4550, 700.4555, 700.4570, 700.4575, 700.5857, 700.5859, 700.5885, 700.5887.

Category G. Miscellaneous Footwear includes the following TSUSA item numbers (1976): 700.0500, 700.1000, 700.1500, 700.2500, 700.2650, 700.2748, 700.2980, 700.3000, 700.3200, 700.5823, 700.6620, 700.6640, 700.6660, 700.6820, 700.6840, 700.6860, 700.7020, 700.7065, 700.7070, 700.7075, 700.7080, 700.7510, 700.7520, 700.7530, 700.7540, 700.7550, 700.7560, 700.8020, 700.8065, 700.8070, 700.8075, 700.8080, 700.8310, 700.8320, 700.8330, 700.8340, 700.8350, 700.8360, 700.8515, 700.8525, 700.8530, 700.8535, 700.8545.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND THE
REPUBLIC OF CHINA AMENDING THE AGREEMENT OF
14 JUNE 1977² RELATING TO TRADE OF NON-RUBBER FOOT-
WEAR

I

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

Aug. 4, 1977

Excellency:

I have the honor to refer to the agreement between the Government of the Republic of China and the Government of the United States of America regarding exports from the Republic of China of non-rubber footwear, hereinafter referred to as the "Agreement".

Pursuant to discussions that have been held between representatives of our two Governments, I hereby propose to add the following paragraph as Agreed Minute No. 7 of the Agreement:

"For the initial period of the Agreement, paragraph 2(c) shall be administered as follows: all non-rubber footwear articles exported from the Republic of China on or after June 28, 1977, will be denied importation for consumption by the Government of the United States of America unless such articles have been issued an export visa by the Government of the Republic of China, or unless the Government of the United States of America determines that any such articles that were not issued visas were exported on carriers that (i) were loaded with such footwear articles prior to June 28, 1977; (ii) departed from the Republic of China prior to July 6, 1977; and (iii) were entered, or withdrawn from warehouse for consumption in the United States prior to September 1, 1977."

In addition, it is my understanding that the Government of the Republic of China will issue export visas, or otherwise authorize entry, for all non-rubber footwear articles that were exported to the United States on carriers that were loaded with such articles prior to June 28, 1977, but that are not determined by the Government of the United States to have departed the Republic of China prior to July 6, 1977.

We further understand that, in accordance with the Agreement, the Government of the Republic of China has not permitted non-rubber footwear articles to be exported on or after June 28, 1977, without issuance of export visas covering such articles. We have been assured that the Government of the Republic of China will, to the fullest extent possible, assist representatives of the Government of the United States of America in verifying information needed to implement Agreed Minute No. 7 of the Agreement as added by this exchange of letters.

¹ Came into force on 5 August 1977 by the exchange of the said letters, with retroactive effect from 28 June 1977.

² See p. 370 of this volume.

It is understood that all non-rubber footwear articles that are imported without an export visa, pursuant to Agreed Minute No. 7 of the Agreement as added by this exchange of letters, will be counted in accordance with paragraph 2(d)(ii) of the Agreement as if such articles were exported prior to June 28, 1977.

It is further understood that, without prejudice to its own laws and regulations, the Government of the Republic of China recognizes that the Government of the United States of America will, consistent with its laws and regulations, in the future consider non-rubber footwear articles to be exported on the actual date that the articles finally depart the country of exportation for the United States.

I would appreciate your confirming that the proposal to add Agreed Minute No. 7 of the Agreement, and the other points covered in this letter, are acceptable to your Government.

With best wishes, I am, sincerely,

[Signed]

WILLIAM B. KELLY, Jr.
Acting Special Representative
for Trade Negotiations

His Excellency James C. H. Shen
Ambassador of the Republic of China
Washington, D.C.

II

EMBASSY OF THE REPUBLIC OF CHINA
WASHINGTON, D.C.

August 5, 1977

Excellency,

I have the honor to refer to Your Excellency's letter of August 4, 1977, proposing to add a paragraph as Agreed Minute No. 7 of the Agreement between the Government of the Republic of China and the Government of the United States of America regarding Exports from the Republic of China of Non-rubber Footwear as follows:

[See letter I]

I have the honor to confirm on behalf of the Government of the Republic of China that the addition to the Agreed Minutes of the Agreement referred to above is acceptable.

I further have the honor to confirm that the Government of the Republic of China will issue export visas, or otherwise authorize entry for all non-rubber footwear articles that were exported to the United States on carriers that were loaded with such articles prior to June 28, 1977, but that are not determined by the Government of the United States of America to have departed the Republic of China prior to July 6, 1977.

I also wish to confirm that your understandings as stated in paragraphs 4, 5, and 6 of your letter are correct.

With best wishes, I am, sincerely yours,

[Signed]

JAMES C. H. SHEN
Ambassador of the Republic
of China

His Excellency William B. Kelly, Jr.
Acting Special Representative
for Trade Negotiations
Washington, D.C.
