

No. 20834

**UNITED STATES OF AMERICA
and
PORTUGAL**

Exchanges of letters constituting a trade agreement reached on the Tokyo Round of the Multilateral Trade Negotiations (with related letters dated 4 and 12 February 1980). Washington, 12 and 18 June, and 5 and 7 November 1979

Authentic text: English.

Registered by the United States of America on 1 March 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
PORTUGAL**

Échanges de lettres constituant un accord commercial convenu lors des négociations commerciales multilatérales dites de Tokyo (avec lettres connexes en date des 4 et 12 février 1980). Washington, 12 et 18 juin et 5 et 7 novembre 1979

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mars 1982.

EXCHANGES OF LETTERS CONSTITUTING A TRADE AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND PORTUGAL,
REACHED ON THE TOKYO ROUND OF THE MULTILATERAL TRADE NEGOTIATIONS

Ia

EMBAIXADA DE PORTUGAL²
WASHINGTON

June 12, 1979

Dear Mr. Ambassador:

In the context of our negotiations in the Multilateral Trade Negotiations, I wish to inform you on behalf of the Government of Portugal that my country agrees to establish a special quota of not less than 300 metric tons of high quality beef at a fixed duty of 2.40 escudos per kilogram. This beef shall be defined by either of the two following definitions (subject to verification) and certified by competent authorities of the exporting country.

- (i) Beef quarters, wholesale cuts, boneless primal and subprimal cuts or portioned steaks from carcasses possessing the following characteristics:
 - (A) Minimum external white fat covering over the ribeye muscle at the 12th rib of .4 inch to .9 inch.
 - (B) Carcass weight of 600 to 850 pounds.
 - (C) Minimum ribeye area at 12th rib: 9 square inches.
 - (D) Maximum age: 30 months. Carcass must have no visible ossification of cartilage buttons over tips of spinous processes associated with the 1st through 11th thoracic vertebrai.
 - (E) Minimum intermuscular fat intermingled in lean of longissimum (ribeye) muscle at the 12th rib as shown by photographic standard (equivalent to modest or fat content of lean of 6.0 minimum, wet tissue basis, for longissimums).

NOTE: This will not apply to other muscles of carcass.

 - (F) Color: Lean must be a bright, cherry red color at time of cutting of carcass.
 - (G) Fresh chilled carcasses or cuts must be at a temperature (internal of ribeye muscle) of less than 4°C when packed for shipment.
- (ii) Carcasses or any cuts from cattle not over 30 months of age which have been fed for 100 days or more on a nutritionally balanced, high energy feed concentration ration containing no less than 70 percent grain, and at least 20 pounds total feed per day.

¹ Came into force on 12 February 1980, with retroactive effect from 1 January 1980, the date on which schedule XX (United States) to the Geneva (1979) Protocol* became a schedule to General Agreement on Tariffs and Trade,** in accordance with the provisions of the related letters.

* United Nations, *Treaty Series*, vols. 1187 to 1193, No. A-814XC.

** *Ibid.*, vol. 55, p. 187.

² Embassy of Portugal.

Portugal agrees that beef which meets USDA choice and prime grades shall be deemed to meet the certification requirement of paragraph 1 above.

Furthermore, I wish to inform you that should Portugal join the EEC and consequently be unable to provide for the entry of beef agreed upon, my Government agrees that the United States cheese quota for the benefit of Portugal would be revised accordingly.

My Government understands that, in the context of the Multilateral Trade Negotiations, the United States will provide an additional quota allocation for cheese from Portugal of 350 metric tons. This will bring Portugal's total quota allocation to 581 metric tons. It is, however, understood that, in the event Portugal is unable to supply a given annual quota, the U.S. will authorize a temporary country of origin adjustment for the remainder of the quota year so that U.S. importers and licensees may be able to use their import licenses elsewhere.

In the event that Portugal should find it necessary in the future to use export payments or other incentives on cheese shipped to the United States, these payments or incentives will be provided in such a way as they do not result in the sale of Portuguese cheese in the U.S. market at prices below those of like U.S. domestic cheeses. The Government of Portugal understands that any government payments or incentives applied in a manner inconsistent with this commitment could be subject to counter-action by the United States.

Sincerely,

[Signed]

JOÃO HALL THEMIDO
Ambassador
For the Government
of Portugal

H. E. Ambassador Alan Wolff
Deputy Special Representative
for Trade Negotiations
Office of Special Representative
for Trade Negotiations
Washington, D.C.

IIa

DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.

June 18, 1979

Dear Ambassador Themido:

On behalf of the Government of the United States, I wish to confirm that my country accepts the offer of the Government of Portugal, made in the context of the Multilateral Trade Negotiations, to establish a special quota of not less than

300 metric tons of high quality beef at a fixed duty of 2.40 escudos per kilogram. This beef shall be defined by either of the two following definitions (subject to verification) and certified by competent authorities of the exporting country:

[See letter Ia]

In addition, Portugal agrees that beef which meets USDA choice and prime grades shall be deemed to meet the certification requirement of paragraph 1 above.

Furthermore, it is understood that, should Portugal join the EEC and consequently be unable to provide for the entry of beef agreed upon, the United States cheese quota for the benefit of Portugal would be revised accordingly.

In the context of the Multilateral Trade Negotiations, the United States will provide an additional quota allocation for cheese from Portugal of 350 metric tons. This will bring Portugal's total quota allocation to 581 metric tons. It is, however, understood that, in the event Portugal is unable to supply a given annual quota, the United States will authorize a temporary country of origin adjustment for the remainder of the quota year so that U.S. importers and licensees may be able to use their import licenses elsewhere.

In the event that Portugal should find it necessary in the future to use export payments or other incentives on cheese shipped to the United States, these payments or incentives will be provided in such a way as they do not result in the sale of Portuguese cheese in the U.S. market at prices below those of like U.S. domestic cheeses. The Government of Portugal understands that any government payments or incentives applied in a manner inconsistent with this commitment could be subject to counteraction by the United States.

Sincerely,

[Signed]

ALONZO L. McDONALD

His Excellency João Hall Themido
Embassy of Portugal
Washington, D.C.

Ib

COMMERCIAL COUNSELLOR
PORTUGUESE EMBASSY
WASHINGTON, D.C.

November 5, 1979

Dear Mr. Nelson,

I refer to my telephone conversation of November 2 with your Mr. Reagan and I would like to thank you for agreeing to alter the earlier distribution of the cheese quota to read as follows:

950.10C	Gruyere processed cheese	125 tons
950.10D	Other cheeses NSPF	456 tons

I would appreciate receiving your confirmation of this change so that I may pass it on to my Government.

Sincerely yours,

[Signed]

ROQUE FELIX DIAS
Commercial Counsellor

Mr. Don Nelson
Assistant Special Trade Representative
for Agriculture Affairs
Office of the Special Trade Representative
Washington, D.C.

IIb

November 7, 1979

Dear Mr. Dias:

This is in response to your November 5 letter confirming your earlier discussions with Tim Regan during which you requested, on behalf of your government, that the types of Portuguese cheese be reallocated within the total quota agreed during the Multilateral Trade Negotiations of 581 metric tons.

On behalf of the Government of the United States, I am pleased to inform you that we will reallocate the types of Portuguese cheese to be entered into the United States according to the following schedule:

<i>TSUS Appendix Item No.</i>	<i>Commodity</i>	<i>Annual Import Quota Jan. 1-Dec. 31 (metric tons)</i>
950.10C	Gruyere processed cheese	125 tons.
950.10D	Other cheese, NSPF	456 tons.

Thank you for your letter.

Sincerely,

[Signed]

DONALD M. NELSON
Assistant Special Trade Representative

Mr. Roque Felix Dias
Commercial Counsellor
Portuguese Embassy
Washington, D.C.

RELATED LETTERS

I

February 4, 1980

Dear Mr. Ambassador:

I refer to the exchange of letters of June 12 and 18, 1979, relating to beef and cheese, and to the supplementary exchange of September 5 and November 8, 1979,* relating to cheese, negotiated between our Governments during the Multilateral Trade Negotiations.

The United States intends to treat these exchanges as an agreement between our two Governments as contracting parties to GATT,¹ effective January 1, 1980, when schedule XX (United States) to the Geneva (1979) Protocol² became a schedule to GATT.

Sincerely,

[Signed]

ROBERT C. CASSIDY, Jr.
General CounselHis Excellency João Hall Themido
Ambassador of the Embassy of Portugal
Washington, D.C.

II

COMMERCIAL COUNSELLOR
PORTUGUESE EMBASSY
WASHINGTON, D.C.

February 12, 1980

Dear Mr. Cassidy,

I acknowledge with thanks your letter of February 4, a copy of which is being sent to the competent department in Portugal for its information.

Sincerely yours,

[Signed]

ROQUE FELIX DIAS
Commercial CounsellorMr. Robert C. Cassidy, Jr.
General Counsel
Office of the Special Representative
for Trade Negotiations
Executive Office of the President
Washington, D.C.

* Should read "November 5 and 7, 1979".

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

² *Ibid.*, vols. 1187 to 1193, No. A-814XC.