

**No. 21164**

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**UNITED STATES OF AMERICA  
and  
MALAYSIA**

**Exchange of notes constituting an agreement relating to  
trade in textiles and textile products (with annexes).  
Kuala Lumpur, 5 December 1980 and 27 February 1981**

*Authentic text: English.*

*Registered by the United States of America on 27 July 1982.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
MALAISIE**

**Échange de notes constituant un accord relatif au commerce  
des textiles et des produits textiles (avec annexes). Kuala  
Lumpur, 5 décembre 1980 et 27 février 1981**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 27 juillet 1982.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN  
THE UNITED STATES OF AMERICA AND MALAYSIA RELATING  
TO TRADE IN TEXTILES AND TEXTILE PRODUCTS

I

*The American Ambassador to the Malaysian Secretary General,  
Ministry of Trade and Industry*

EMBASSY OF THE UNITED STATES OF AMERICA

Kuala Lumpur, December 5, 1980

No. 298

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles, with Annexes, done at Geneva on December 20, 1973<sup>2</sup> and extended by Protocol adopted on December 14, 1977<sup>3</sup> at Geneva (hereinafter referred to as the Arrangement).

I have also the honor to refer to discussions held in Geneva in July and in Kuala Lumpur in October 1980 between representatives of the Government of the United States of America and the Government of Malaysia concerning exports to the United States of America of cotton, wool, and man-made fiber textiles and textile products manufactured in Malaysia. As a result of these discussions, and in conformity with Article 4 of the Arrangement, I have the honor to propose, on behalf of the Government of the United States of America, the following Agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between the Government of the United States of America and the Government of Malaysia.

1. The term of the Agreement shall be the four year period from January 1, 1981 through December 31, 1984. Each "Agreement year" shall be a calendar year.

2. (A) The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing the Agreement.

(B) For purposes of this Agreement, the categories listed below are merged and treated as single categories and sub-categories as indicated:

<i>Categories merged</i>	<i>Designation in Agreement</i>	<i>Sub-categories</i>
333,334,335	333/334/335	333,334,335
638,639	638/639	None
338,339	338/339	339
347,348	347/348	348
445,446	445/446	None

3. Textiles and textile products covered by the Agreement shall be classified in three groups, as follows:

<sup>1</sup> Came into force on 27 February 1981 by the exchange of the said notes, with retroactive effect from 1 January 1981, in accordance with their provisions.

<sup>2</sup> United Nations, *Treaty Series*, vol. 930, p. 166.

<sup>3</sup> *Ibid.*, vol. 1078, p. 288.

*Group I:* Yarns, fabrics, made-up goods, and miscellaneous textile products of cotton and man-made fibers: (Categories 300-330, 360-369, 600-630, 660-669).

*Group II:* Apparel of cotton and man-made fibers: (Categories 331-359, 631-659).

*Group III:* Wool textiles and textile products: (Categories 400-469).

The determination of whether a textile or textile product is of cotton, wool, or man-made fiber shall be made in accordance with the terms of paragraph 12. The categories referred to in the above definitions are those summarized in Annex A.

4. Commencing with the first Agreement year, and during the subsequent term of the Agreement, the Government of Malaysia shall limit annual exports from Malaysia to the United States of America of those cotton, wool and man-made fiber textiles and textile products in the categories and sub-categories contained in Annex B to the limits shown therein and in paragraph 8. Such limits may be adjusted in accordance with paragraphs 5 (swing) and 6 (carryover/carryforward). Exports are subject to limits or levels for the year in which exported. The limits as set out in Annex B do not include the adjustments permitted under paragraphs 5 and 6.

5. During any Agreement year, any specific limit or sub-limit set out in Annex B may be exceeded by not more than 5 percent (swing) if a corresponding reduction is made in one or more other specific limits in the same group during the same Agreement year.

If recourse is had to this paragraph, the Government of Malaysia shall indicate to the Government of the United States which specific limits or sub-limits it intends to exceed and which it wishes decreased.

Adjustments made pursuant to this paragraph are in addition to those permitted under paragraph 6.

6. In any Agreement year, in addition to any adjustment pursuant to paragraph 5, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that Agreement year an unused portion of the corresponding limit for the previous Agreement year ("carryover") or a portion of the corresponding limit for the succeeding Agreement year ("carryforward") subject to the following conditions:

- (1) Carryover may be utilized as available up to 11 percent of the receiving Agreement year's limits;
- (2) The combination of carryover and carryforward shall not exceed 11 percent of the receiving Agreement year's applicable limit in any Agreement year;
- (3) Carryforward may be utilized up to 6 percent of the receiving Agreement year's applicable limits and shall be charged against the immediately following Agreement year's corresponding limits;
- (4) (A) Carryover of shortfall (as defined below) shall not be applied to any limits until the Governments of the United States of America and Malaysia have agreed upon the amounts of shortfall involved.  
(B) For purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from Malaysia to the United States of America during an Agreement year are below any applicable specific limit or sub-limit as set out in Annex B. In the Agreement year following the shortfall, such exports from Malaysia to the United States of America may be permitted to exceed the applicable limits, subject to conditions set forth above, by carryover of shortfall in the following manner:

- (1) The carryover shall not exceed the amount of shortfall in any applicable limit;
- (2) The shortfall shall be used in the category in which the shortfall occurred.

7. Categories not subject to specific limits (nor to designated consultation limits, if any are established under this Agreement) are subject to the consultation mechanism set forth below:

(A) In the event that the Government of the United States of America believes that imports from Malaysia classified in any category or categories in Annex A not covered by specific limits

are, due to market disruption or the threat thereof, threatening to impede the orderly development of trade between the two countries, the Government of the United States of America may request consultations with the Government of Malaysia with a view to avoiding such market disruption. The Government of the United States of America shall provide the Government of Malaysia at the time of the request with data similar to that envisioned in Annex A of the Arrangement regarding International Trade in Textiles which, in the view of the Government of the United States of America show: 1) the existence of market disruption, and 2) the role of exports from Malaysia of the product or products concerned from Malaysia in that disruption.

(B) The Government of Malaysia agrees to consult with the Government of the United States of America within 30 days of receipt of the request for consultations. Both Governments agree to make every effort to reach agreement on a mutually satisfactory resolution of the issue within 60 days of the receipt of the request.

(C) During the 60 day period, the Government of Malaysia agrees to hold its shipments to the United States in the pertinent category or categories to a level no greater than 30 percent of the amount entered in the first 12 of the most recent 14 months preceding the date of request.

(D) (1) If no mutually satisfactory solution is reached in consultations, the Government of the United States may establish a specific limit for the category concerned, the level of which will not be less than the amount entered during the first 12 of the most recent 14 months preceding the date of request plus 20 percent in the case of cotton and man-made fiber categories or plus 6 percent in the case of wool categories.

(2) Any specific limit established pursuant to this paragraph will increase in succeeding Agreement years by 6.5 percent per year in the case of cotton and man-made fiber categories and by 1 percent per year in the case of wool categories.

8. Within the specific limit for merged category 333/334/335, including any adjustments made pursuant to paragraphs 5 and 6, shipments under any of the individual sub-categories within any Agreement year shall not exceed 50 percent of the adjusted specific limit for this merged category.

9. In accordance with Article 12, paragraph 3 of the Arrangement, and subject to the establishment of a mutually agreed upon certification system, Malaysian exports of hand-loom fabrics of the cottage industry or hand-made cottage industry products made of such hand-loom fabrics, or traditional folklore handicraft textile products, will not be subject to the provisions of the Agreement.

10. The Government of Malaysia shall use its best efforts to space exports from Malaysia to the United States within each category evenly throughout the Agreement year, taking into consideration normal seasonal factors. Exports from Malaysia in excess of authorized levels for each Agreement year, if allowed entry into the United States, will be charged to the applicable level for the succeeding Agreement year. The Government of the United States will promptly notify the Government of Malaysia of any such charges and will be prepared to consult concerning differences in data.

11. The Government of the United States of America shall promptly supply the Government of Malaysia with monthly data on imports of textiles from Malaysia, and the Government of Malaysia shall promptly supply the Government of the United States of America with monthly data on exports of textiles to the United States. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government.

12. (A) 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 these 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, are subject to the Agreement.

(B) For purposes of the Agreement, textiles and textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of either of these fibers.

(C) Any product covered by sub-paragraph (A) but not in chief value of cotton, wool, or man-made fiber shall be classified as:

- (I) Cotton textiles if containing 50 percent or more by weight of cotton or if the cotton component exceeds by weight the wool and man-made fiber components;
- (II) Wool textiles if not cotton and the wool equals or exceeds 17 percent by weight of all component fibers;
- (III) Man-made fiber textiles if neither of the foregoing applies.

13. The Government of the United States of America and the Government of Malaysia agree to consult on any question arising in the implementation of the Agreement.

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

15. If, having regard to the provisions of the Arrangement, the Government of Malaysia considers that Malaysia is being placed in an inequitable position vis-a-vis a third country, the Government of Malaysia may request consultations with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification to this Agreement. The Government of the United States of America shall consult with the Government of Malaysia in the event of such a request.

16. For the duration of the Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement to request restraints on the export from Malaysia of textiles covered by the Agreement.

17. The Government of Malaysia shall administer its export control system under this Agreement. The Government of the United States of America may assist the Government of Malaysia in implementing the limitation provisions of the Agreement by controlling its imports of the textiles covered by the Agreement.

18. Either Government may terminate the Agreement effective at the end of any Agreement year by written notice to the other Government to be given at least 90 days prior to the end of such Agreement year.

19. The Government of the United States of America and the Government of Malaysia may at any time propose revisions in the terms of this Agreement. Each Government agrees to consult promptly with the other Government about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

If the foregoing proposal is acceptable to the Government of Malaysia this note and your note of acceptance on behalf of the Government of Malaysia shall constitute an Agreement between our two Governments.

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

BARBARA WATSON

His Excellency Y. B. Tan Sri Nasruddin bin Mohamed  
Secretary General  
Ministry of Trade and Industry  
Kuala Lumpur

## ANNEX A

<i>Category</i>	<i>Description</i>	<i>Conversion factor</i>	<i>Unit of measure</i>
<b>Yarn:</b>			
Cotton			
300	Carded . . . . .	4.6	Lb.
301	Combed . . . . .	4.6	Lb.
Wool			
400	Tops and yarns . . . . .	2.0	Lb.
Man-made fiber			
600	Textured . . . . .	3.5	Lb.
601	Cont. cellulosic . . . . .	5.2	Lb.
602	Cont. noncellulosic . . . . .	11.6	Lb.
603	Spun cellulosic . . . . .	3.4	Lb.
604	Spun noncellulosic . . . . .	4.1	Lb.
605	Other yarns . . . . .	3.5	Lb.
<b>Fabric:</b>			
Cotton			
310	Ginghams . . . . .	1.0	Syd.
311	Velveteens . . . . .	1.0	Syd.
312	Corduroy . . . . .	1.0	Syd.
313	Sheeting . . . . .	1.0	Syd.
314	Broadcloth . . . . .	1.0	Syd.
	M and B—men's and boys' W, G, and I—women's, girls' and infants' N.K.—not knit		
315	Printcloths . . . . .	1.0	Syd.
316	Shirtings . . . . .	1.0	Syd.
317	Twills and sateens . . . . .	1.0	Syd.
318	Yarn-dyed . . . . .	1.0	Syd.
319	Duck . . . . .	1.0	Syd.
320	Other fabrics, N.K. . . . .	1.0	Syd.
Wool			
410	Woolen and worsted . . . . .	1.0	Syd.
411	Tapestries and upholstery . . . . .	1.0	Syd.
425	Knit . . . . .	2.0	Lb.
429	Other fabrics . . . . .	1.0	Syd.
Man-made fiber			
610	Cont. cellulosic, N.K. . . . .	1.0	Syd.
611	Spun cellulosic, N.K. . . . .	1.0	Syd.
612	Cont. noncellulosic, N.K. . . . .	1.0	Syd.
613	Spun noncellulosic, N.K. . . . .	1.0	Syd.
614	Other fabrics N.K. . . . .	1.0	Syd.
625	Knit . . . . .	7.8	Lb.
626	Pile and tufted . . . . .	1.0	Syd.
627	Specialty . . . . .	7.8	Lb.
<b>Apparel</b>			
Cotton			
330	Handkerchiefs . . . . .	1.7	Dz.
331	Gloves . . . . .	3.5	Dpr.
332	Hosiery . . . . .	4.6	Dpr.
333	Suit-type coats, M and B . . . . .	36.2	Dz.
334	Other coats, M and B . . . . .	41.3	Dz.
335	Coats, W, G, and I . . . . .	41.3	Dz.
336	Dresses (incl. uniforms) . . . . .	45.3	Dz.
337	Playsuits, sunsuits, washsuits, creepers . . . . .	25.0	Dz.
338	Knit shirts (incl. T-shirts, other and sweatshirts) M and B . . . . .	7.2	Dz.
339	Knit shirts and blouses (incl. T-shirts, other and sweatshirts), W, G, and I . . . . .	7.2	Dz.
340	Shirts, N.K. . . . .	24.0	Dz.

<i>Category</i>	<i>Description</i>	<i>Conversion factor</i>	<i>Unit of measure</i>
341	Blouses, N.K.	14.5	Dz.
342	Skirts	17.8	Dz.
345	Sweaters	36.8	Dz.
347	Trousers, slacks and shorts (outer) M and B	17.8	Dz.
348	Trousers, slacks and shorts (outer) W, G, and I	17.8	Dz.
349	Brassieres, etc.	4.8	Dz.
350	Dressing gowns, incl. bathrobes, and beachrobes, house coats and others	51.0	Dz.
351	Pajamas and other nightwear	52.0	Dz.
352	Underwear (incl. union suits)	11.0	Dz.
359	Other apparel	4.6	Lbs.
<b>Wool</b>			
431	Gloves	2.1	Pr.
432	Hosiery	2.8	Pr.
433	Suit-type coats, M and B	36.0	Dz.
434	Other coats, M and B	54.0	Dz.
435	Coats, W, G, and I	54.0	Dz.
436	Dresses	49.2	Dz.
438	Knit shirts and blouses	15.0	Dz.
440	Shirts and blouses, N.K.	24.0	Dz.
442	Skirts	18.0	Dz.
443	Suits, M and B	54.0	Dz.
444	Suits, W, G, and I	54.0	Dz.
445	Sweaters, M and B	14.88	Dz.
446	Sweaters, W, G, and I	14.88	Dz.
447	Trousers, slacks, and shorts (outer) M and B	18.0	Dz.
448	Trousers, slacks and shorts (outer) W, G, and I	18.0	Dz.
459	Other wool apparel	2.0	Lb.
<b>Man-made fiber</b>			
630	Handkerchiefs	1.7	Dz.
631	Gloves	3.5	Dpr.
632	Hosiery	4.6	Dpr.
633	Suit-type coats, M and B	36.2	Dz.
634	Other coats, M and B	41.3	Dz.
635	Coats, W, G, and I	41.3	Dz.
636	Dresses	45.3	Dz.
637	Playsuits, sunsuits, washsuits, etc.	21.3	Dz.
638	Knit shirts (incl. T-shirts), M and B	18.0	Dz.
639	Knit shirts and blouses (incl. T-shirts), W, G, and I	15.0	Dz.
640	Shirts, N.K.	24.0	Dz.
641	Blouses, N.K.	14.5	Dz.
642	Skirts	17.8	Dz.
643	Suits, M and B	54.0	Dz.
644	Suits, W, G, and I	54.0	Dz.
645	Sweaters, M and B	36.8	Dz.
646	Sweaters, W, G, and I	36.8	Dz.
647	Trousers, slacks and shorts (outer) M and B	17.8	Dz.
648	Trousers, slacks and shorts (outer) W, G, and I	17.8	Dz.
649	Brassieres, etc.	4.8	Dz.
650	Dressing gowns; incl. bath and beach robes	51.0	Dz.
651	Pajamas and other nightwear	52.0	Dz.
652	Underwear	16.0	Dz.
659	Other apparel	7.8	Lb.
<b>Made-ups and misc.:</b>			
<b>Cotton</b>			
360	Pillowcases	1.1	No.
361	Sheets	6.2	No.
362	Bedspreads and quilts	6.2	No.

Category	Description	Conversion factor	Unit of measure
363	Terry and other pile towels . . . . .	0.5	No.
369	Other cotton manufactures . . . . .	4.6	Lb.
Wool			
464	Blankets and auto robes . . . . .	1.3	Lb.
465	Floor covering . . . . .	0.1	Sft.
469	Other wool manufactures . . . . .	2.1	Lb.
Man-made fiber			
665	Floor coverings . . . . .	0.1	Sft.
666	Other furnishings . . . . .	7.8	Lb.
669	Other man-made manufactures . . . . .	7.8	Lb.

ANNEX B  
SPECIFIC LIMITS

Category	Units	First year	Second year	Third year	Fourth year
Group I					
604 . . . . .	Syd.	4,500,000	4,792,500	5,104,013	5,435,773
Group II					
331 . . . . .	Doz.	508,200	541,233	576,413	613,880
340 . . . . .	Doz.	270,635	288,266	306,961	326,913
333/334/335 . . . . .	Doz.	66,418	70,735	75,333	80,230
(333) . . . . .	*	*	*	*	*
(334) . . . . .	*	*	*	*	*
(335) . . . . .	*	*	*	*	*
338/339 . . . . .	Doz.	338,281	413,519	440,398	469,024
(339) . . . . .	Doz.	(155,000)	(165,075)	(175,805)	(187,232)
347/348 . . . . .	Doz.	153,000	162,945	173,536	184,816
(348) . . . . .	Doz.	(80,000)	(85,200)	(90,738)	(96,636)
638/639 . . . . .	Doz.	160,000	170,400	181,476	193,272
Group III					
445/446 . . . . .	Doz.	24,567	24,813	25,061	25,311

\* See paragraph 8 for sub-category limit provisions.

II

*The Malaysian Secretary General, Ministry of Trade and Industry,  
to the American Ambassador*

MINISTRY OF  
TRADE AND INDUSTRY  
MALAYSIA

KEMENTERIAN  
PERDAGANGAN DAN PERINDUSTRIAN  
MALAYSIA

Kuala Lumpur, 27th February 1981

Excellency,

I refer to your letter of December 5, 1980 concerning the exports of cotton, wool and man-made fiber textiles and textile products from Malaysia to the United States of America, which reads as follows:

[See note I]

I have the honour to confirm that the proposal in your letter is acceptable to the Government of Malaysia and that Your Excellency's letter and this reply shall constitute an agreement between our two Governments.



Please accept, Your Excellency, the assurances of my highest consideration.  
Yours sincerely,

[*Signed*]  
TAN SRI NASRUDDIN MOHAMED  
Secretary General  
Ministry of Trade and Industry

H. E. Barbara Watson  
Ambassador of the United States of America  
Kuala Lumpur

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