

法規名稱：(終)ANGEMENT BETWEEN CCNAA AND AIT CONCERNING TRADE IN CERTAIN MACHINE TOOLS (AD.1986.12.12)

終止日期：民國 80 年 12 月 31 日

Recognizing the spirit of cooperation in which the Coordination Council for North American Affairs (CCNAA) and the American Institute in Taiwan (AIT) have consulted on matters of interest to either party, and recognizing the need for a framework for trade in certain machine tool products between the territories represented by CCNAA and AIT, CCNAA and AIT have agreed as follows :

#### 1. Basis of the Arrangement

The objective of this Arrangement is to provide a framework for trade in certain categories of machine tools between the territories represented by the parties in order to maintain sufficient capacity in the territory represented by the AIT for production of certain machine tools required for the security of production of certain machine tools required for the security of the territory represented by AIT. To this effect, CCNAA will ensure that the authorities in the territory represented by CCNAA will for the period January 1, 1987 through December 31, 1991 restrain exports destined for consumption in the territory represented by AIT of products described in Paragraph 2 (A) of this arrangement (" The Arrangement Products ").

#### 2. Definitions

The following definitions apply to this arrangement ;

(A) Arrangement products : Means the products (assembled or unassembled) listed in Appendix A to this arrangement, including kits. That Appendix contains a description of each product as well as the current tariff classification number of each product in the territory represented by AIT under the "Tariff schedules of the United States Annotated" (" TSUSA ") and in the territory represented by the CCNAA under the Tariff Export Classification Schedule used in that territory. If any of these classification numbers change during the period that this arrangement is in effect,

Appendix A shall be modified to reflect the change. The T-SUSA item number controls the definition of each arrangement product.

- (B) Destined for consumption in the territory represented by AIT : means exported directly to the territory represented by AIT, or indirectly through one or more territories other than a territory represented by a party to this agreement.
- (C) Transition Period : means November 1, 1986 through December 31, 1986, the day preceding the date of commencement of export licensing.
- (D) Apparent consumption in the territory represented by AIT: means shipments (deliveries) plus imports minus exports as described in Appendix B).
- (E) Territory represented by AIT : means the customs territory of the United States of America and foreign trade zones located in the territory of the United States of America.

### 3.ExportLimits

- (A) Between January 1, 1987 and December 31, 1991, CCNAA shall ensure that in each calendar year export licenses shall be issued to exporters in the territory represented by CCNAA for each of the following categories of arrangement products destined for consumption in the territory represented by AIT in quantities that will not exceed in the aggregate the following percentages of the projected apparent consumption in the territory represented by AIT for each product category ("Export Limit") for the relevant period:

Description	Percentages
(1) Numerically Controlled Lathes	3.23
(2) Non-Numerically Controlled Lathes	24.70
(3) Milling Machines	19.29
(4) Machining Centers	4.66

- (B) Commencing January 1, 1987, until the expiry or termination of this arrangement, CCNAA shall ensure that in each calendar year
- (1) Each arrangement product destined for consumption in the territory represented by AIT will be exported from the territory represented by CCNAA under an export license in the form shown in Appendix C to the arrangement and issued by the authorities in the territory represented by CCNAA and
  - (2) All export licenses issued for any category of arrangement product exported from the territory represented by CCNAA destined for consumption in the territory represented by AIT will not exceed in the aggregate the export limit applicable to that product category specified in paragraph 3 (A) for that calendar year.
- (C) During the period referred to in sub-paragraph (B), CCNAA shall ensure that the authorities in the territory that it represents shall issue export licenses containing the information prescribed in Appendix C to this Arrangement. To the extent provided under law in the territory represented by AIT, AIT shall ensure that the authorities in the territory it represents shall require presentation of an original export license as a condition of entry into the territory represented by AIT of arrangement products. To the extent provided under law in the territory represented by AIT, AIT shall ensure that the authorities in the territory it represents shall prohibit entry of such products not accompanied by such an export license.
- (D) During the transition period (November 1, 1986 through December 31, 1986), arrangement products may be exported from the territory represented by CCNAA destined for consumption in the territory represented by AIT without an export license provided that the total number of units of each category of arrangement products so exported during this period shall not exceed the level set out below for that product category

Product	Level
Machining Centers	56
Milling Machines	576
Numerically Cnотrolled	
Lathes	55
Non-numerically	
Controlled Lathes	427

- (E) AIT shall ensure that the customs service of the territory that AIT represents shall determine the date of export, based on the date of the relevant bill of lading for each unlicensed arrangement product exported from the territory represented by CCNAA. CCNAA shall determine the date of export, based on the date stated in the relevant export license issued by the authorities represented by it, of each arrangement product exported from the territory represented by CCNAA destined for consumption in the territory represented by AIT under valid export license issued by the authorities represented by CCNAA.
- (F) Commencing January 1, 1987, AIT shall report to CCNAA promptly any importation into the territory represented by AIT of an unlicensed arrangement product, based on the date of the relevant bill of lading, including the date of export of that product from the territory represented by CCNAA. The quantity so reported will be counted toward the export limit for that arrangement product for the period in which the product was exported from the territory represented by CCNAA. If an issue arises concerning entry of unlicensed arrangement products, AIT and CCNAA will immediately consult to discuss alternative measures. If consultations do not result in a satisfactory solution and continued application of this paragraph (Para. 3 F) undermines the objectives of this Arrangement and causes serious difficulties in the restraint of exports by the authorities in the territory represented by

CCNAA envisaged in this arrangement, the quantity of unlicensed imports reported by AIT will no longer be counted toward the export limit for the relevant period of exportation.

- (G) If any arrangement product that has been imported into the territory represented by AIT is subsequently exported from the territory represented by AIT during the period covered by this arrangement without having been used for its intended purpose, the export limit for that product category for the calendar year in which subsequent export occurs shall be increased by the number of units so exported.

#### 4. Determination of Export Limits

- (A) Projection of apparent consumption in the territory represented by AIT for each arrangement product will be based on statistics prepared by the appropriate authority of the territory represented by AIT which compiles such statistics on a regular basis. AIT, with advice from CCNAA, will select an independent forecaster which will provide the projections of apparent consumption in the territory represented by AIT for the purposes of this arrangement.
- (B) The first projection of apparent consumption in the territory represented by AIT for 1987, will be an amount equal to two times apparent consumption in the territory represented by AIT for the first six months of 1986. AIT will issue a revised projection of apparent consumption in the territory represented by AIT for 1987, as provided in Paragraph 4(A), not later than the last day of February, May, August and October 1987, based on actual apparent consumption data from the territory represented by AIT available for the period to that date.

AIT shall determine, based on its customs records of the number of units imported into the territory represented by AIT, and report to CCNAA not later than May 31, 1987, the number of units exported from the territory represented by CCNAA during the transition period. In case there is a significant



discrepancy between the statistics of the respective territories regarding the number of units of arrangement products imported into the territory represented by AIT during this period, CCNAA may request AIT to provide non-confidential information to document the number of units imported into the territory represented by AIT. CCNAA shall ensure that prior to May 31, 1987, the amount of exports from the territory represented by CCNAA destined for consumption in the territory represented by AIT of each category of arrangement product under export licenses issued to exporters in the territory represented by CCNAA shall not exceed in the aggregate 40 percent of the export limit applicable to that product category for the calendar year 1987.

If the number of arrangement products in any product category exported in the transition period from the territory represented by CCNAA destined for consumption in the territory represented by AIT exceeds the level applicable to that product category specified above, such excess shall be subtracted from the export limit for that product category for the calendar year 1987.

- (C) For subsequent calendar years during the term of this Arrangement, AIT will issue the first projection of apparent consumption in the territory represented by AIT for each arrangement product for each calendar year not later than October 31 of the preceding year and revise the first projection for each year not later than the last day of December of the preceding year and the last day of February, May, August and October of the calendar year covered by such projection.
- (D) Commencing 1988, not later than May, 31 of each calendar year, AIT shall announce differences between the forecasted apparent consumption and actual apparent consumption for each arrangement product in the territory represented by AIT in the previous calendar year. The units available under the export limit provided in paragraph 3(A) for that arrangement product for the calendar year immediately following the cal-

endar year in which such announcement is made shall be increased or reduced by the amount of such difference.

#### 5. Carry-over and Advance Use of Licenses

CCNAA may adjust the export limits provided in paragraph 3 for any calendar year by an amount not to exceed five percent thereof (the "adjustable portion" ), and may permit any part or all of the adjustable portion to be carried over for use in the next calendar year or to be subject to advance use in the current calendar year. AIT must be notified of such advance use or carry-over and all notifications of use must be received no later than three (3) months before the end of the year in which any such use is intended. AIT will notify CCNAA when it cannot agree to the use of carry-over or advance use and CCNAA will respect such notification. The adjustable portion may be increased beyond such five percent upon AIT's prior agreement. All export licenses issued by the authorities represented by CCNAA in reliance upon any such use of the adjustable portion or any part thereof must be so marked. Advance use of and adjustable portion or any part thereof of the export limit for any calendar year shall be made not earlier than November 15 of the current calendar year and carry-over of the adjustable portion or any part thereof of the export limit for any calendar year shall be made not later than February 15 of the following calendar year.

#### 6. Implementation of the Arrangement

- (A) The provisions of this arrangement will be implemented by AIT and CCNAA in accordance with the laws and regulations in force in the territories that they represent. To the extent provided by law in the territory represented by AIT, AIT will ensure that the authorities in the territory it represents will prohibit entry of unlicensed arrangement products as provided in paragraph 3(C) of this arrangement.
- (B) CCNAA shall ensure that appropriate authorities in the territory it represents will take the following actions for the implementation of this arrangement by ensuring that those a-



authorities issue a written order that :

- (1) Requires that each arrangement product to be exported from the territory represented by CCNAA destined for consumption in the territory represented by AIT will be accompanied by an export license in the form described in appendix C ;
  - (2) Requires that each arrangement product destined for consumption in the territory represented by AIT will be exported from the territory represented by CCNAA not later than 90 days from the date that an Appendix C license for that arrangement product is issued, unless AIT agrees to an extension of such 90-day period ;
  - (3) Establishes the export limit for each category of arrangement product destined for consumption in the territory represented by AIT for each calendar year during the term thereof, commencing January 1, 1987, based on export limits set out in paragraph 3 and projections (including revisions thereof) made under and pursuant to paragraph 4 of this arrangement ;
  - (4) Provides that commencing on January 1, 1987, and until the expiry or termination of this arrangement, in any two consecutive quarters, the quantity of exports of any category of arrangement product destined for consumption in the territory represented by AIT will not exceed 60 percent of the total export limit for that category of arrangement product for the relevant period. In the event that such 60 percent limit will be exceeded in any such two consecutive quarters, such excess may be exported to the territory represented by AIT in such two consecutive quarters, provided that AIT agrees in advance of shipment that export of such excesses are consistent with the objectives of this arrangement.
- (C) Requires each exporter that exports arrangement products from the territory represented by CCNAA to report monthly to the appropriate authorities in the territory represented by

CCNAA the following information for each unit exported: Description of arrangement product by category and subcategory where appropriate, export classification number for the territory represented by CCNAA, quantity exported, direct and (if known) indirect or ultimate destination, and license number.

- (D) CCNAA will provide AIT with a letter setting forth the provisions that the authorities in the territory CCNAA represents will use to implement and enforce this agreement.

Upon receipt of this letter, AIT will provide CCNAA with the views of the authorities in the territory represented by AIT regarding the applicability of antitrust laws to actions taken pursuant to this agreement.

- (E) With respect to subassemblies, such as bases, tables, cross slides, columns, controls, heads, and others set forth in Appendix E, shipped individually or in any combination, which have important characteristics of unfinished arrangement products, AIT and CCNAA agree to study past and present trends in machine tool subassemblies trade between the respective territories and to take appropriate measures to ensure that imports of these products from the territory represented by CCNAA into the territory represented by AIT do not increase above 1985 levels to the extent that they impair or threaten to impair the attainment of the objectives of the arrangement.

#### 7. Monitoring

- (A) AIT and CCNAA shall exchange non-proprietary information necessary for the implementation and enforcement of this Arrangement. Each party to the Arrangement will report to the other party any action it takes to implement or enforce this Arrangement.
- (B) CCNAA shall provide AIT with a report in English containing, at a minimum, the following non-proprietary information: Each license number, quantity, date of export or expected date of export, and which arrangement product is covered by e-



ach license, not later than 30 days after the end of each quarter and after the end of each month requested. To the extent possible, this information shall be supplied on computer tape in a format provided by AIT.

(C) AIT will furnish to CCNAA all non-proprietary information and data relating to :

- (1) Its determination under paragraph 3(D) of this Arrangement ;
- (2) Administration of paragraph 3(E) through 3(G) of this Arrangement; and
- (3) All of the projections and revised projections made under paragraph 4 of this Arrangement.

#### 8.Consultations

Representatives of CCNAA and AIT shall consult annually, and at any other time at the request of either party, regarding any matter concerning this Arrangement or its implementation, operation, or enforcement.

#### 9.Creation of Sub-categories of Arrangement Products

(A) CCNAA shall ensure through export licenses issued by the appropriate authorities in the territory it represents that the number of units of various types and sizes of machines within each product category reflects a representative product mix of units in that product category exported from the territory represented by CCNAA destined for consumption in the territory represented by AIT. If AIT considers that exports from the territory represented by CCNAA destined for consumption in the territory represented by AIT of a particular type of arrangement product increases significantly relative to the representative product mix (from time to time defined after taking into account market conditions in the territory represented by AIT) , and that material distortions of trade within an arrangement product category are sufficient to substantially impair or threaten to impair the attainment of the objectives of this arrangement, AIT may request consultations with CCNAA.

(B) The consultations so requested will be completed no later than 30 days after the date of the request for consultations. No later than 30 days after the conclusion of consultations, CCNAA shall ensure that the authorities in the territory it represents will take such measures as are necessary and appropriate to eliminate the distortion as provided under the laws and regulations of the territory represented by CCNAA. Such measures shall include the establishment of appropriate sub-categories of arrangement product as set forth in Appendix E, which either party determines are necessary to attain the objectives of the Arrangement. For the purposes of paragraph 9 (A), the allowable quantity or market share of each separate subcategory will be calculated on the basis of the representative product mix.

#### 10. Special Issue Licenses

- (A) Whenever AIT determines that the attainment of the objectives of this agreement requires the importation into the territory represented by AIT of arrangement products in excess of the applicable export limit for any period of the Arrangement, AIT shall request CCNAA to request that the authorities in the territory it represents issue special licenses for that period and for that arrangement product in such quantity as AIT deems appropriate, in excess of the export limit applicable thereto.
- (B) CCNAA shall take appropriate action such that the authorities in the territory it represents may in their discretion issue a special license as described in paragraph 10 (A), upon request by AIT.
- (C) Each special license issued under the preceding paragraph 10 (A) shall be marked as such and shall be used within 90 days of the date of issuance, unless AIT agrees to an extension of the 90-day period.
- (D) Upon the signing of this Arrangement, AIT will request that CCNAA request the authorities in the territory represented by CCNAA to issue special licenses for eleven (11)



machining centers for export to the territory represented by AIT in the calendar year 1987.

(E) Upon signing of the Arrangement, AIT will also request that CCNAA request the authorities in the territory it represents to issue special licenses for 60 numerically controlled milling machines for the calendar year 1987 and 30 numerically controlled milling machines in the calendar year 1988, provided that these special issue licenses are used for exportation of these machines to original equipment manufacturers with manufacturing capability located in the territory represented by AIT that was in operation prior to May 20, 1986.

(F) No arrangement product exported to the territory represented by AIT under special license issued by the authorities represented by CCNAA pursuant to AIT's request will be counted for the purposes of determining the export limit or representative product mix under this arrangement.

#### 11. Additional Monitoring

AIT will ensure that the authorities in the territory represented by AIT will take appropriate measures to ensure that imports of arrangement products from other territories do not impair the attainment of the objectives of this Arrangement. AIT will ensure that the authorities in the territory represented by AIT will monitor the market share and product mix of each arrangement product from all territories.

#### 12. Duration

AIT shall grant CCNAA the same treatment in the event that the duration of any comparable arrangement on machine tools has shorter duration than the duration of this Arrangement.

#### 13. Three Year Review

At the end of the third year of this arrangement, AIT and CCNAA will thoroughly review the effectiveness of this arrangement in meeting its objectives, and, if both parties agree, will consult each other as to whether the duration and other terms of the Arrangement should be modified.

14. Determination of Report to the Authorities in the Territory Represented by AIT.

Provided that it is determined that CCNAA is effectively implementing this Arrangement and continues to effectively implement and enforce this Arrangement during the period of this Arrangement, the authorities in the territory represented by AIT will take no action under Section 232 of the Trade Expansion Act of 1962 to adjust imports of arrangement products from the territory represented by CCNAA.

15. Notices

For all purposes hereunder AIT and CCNAA will be represented by and all communications and notices will be addressed and delivered to :

FOR CCNAA

FOR ATT

APPENDIX A

(CONCORDANCE)

CATEGORY	TAIWANESE NO.	TSUSA
NC LATHES		674.3476
--		674.3604
--		674.3505
--		674.3506
--		674.3508
--		674.3510
--		674.3519
NON--NC LATHES		674.3477
--		674.3512
--		674.3513
--		674.3514
--		674.3515
--		674.3516
--		674.3518
--		674.3522

MACHINING CENTERS	674.3404
--	674.3406
--	674.3409
--	674.3411
MILLING MACHINES	674.3464
--	674.3466
--	674.3467
--	674.3468
--	674.3469

## APPENDIX B

### CONCORDANCE OF SHIPMENTS, IMPORTS, AND EXPORTS

PRODUCT	SHIPMENTS (SIC NOS.)	EXPORTS (SCHEDULE B)	IMPORTS (TSUSA'S)
NC LATHES	35415 11	674.3276	674.3476
	35415 12	674.3504	674.3504
	35415 13	674.3506	674.3505
	35415 21	674.3508	674.3506
	35415 24	674.3519	674.3508
	35415 26		674.3510
			674.3519
NON-NC LATHES	35415 14	674.3277	674.3477
	35415 22	674.3510	674.3512
	35415 23	674.3511	674.3513
	55415 25	674.3512	674.3514
	35415 29	674.3515	674.3515
	35415 37	674.3516	674.3516
	35415 54	674.3518	674.3518
	35415 56	674.3525	674.3522
	35415 63		
	35415 66		



35415 67

35415 72

35415 81

35415 88

MACHINING	3541A 01	674.3204	674.3404
CENTERS	3541A 03	674.3206	674.3406
	3541A 05	674.3209	674.3409
	3541A 07	674.3211	674.3411
	3541A 09		
	3541A 11		
	3541A 13		
	3541A 15		
	3541A 17		
	3541A 19		
MILLING	35416 22	674.3264	674.3464
MACHINES	35416 25	674.3266	674.3466
	35416 27	674.3267	674.3469
	35416 29	674.3268	674.3467
	35416 31	674.3269	674.3469
	35416 35		
	35416 53		
	35416 63		
	35416 97		

THESE NUMBERS ARE SUBJECT TO REVISION WHEN THE TERRITORY REPRESENTED BY AIT ADOPTS MODIFICATIONS TO THE APPLICABLE SIC, IMPORT OR EXPORT NOMENCLATURES. TECHNICAL ADJUSTMENTS WILL BE MADE AS NECESSARY.

#### APPENDIX C

LICENSE FOR EXPORT OF  
MACHINE TOOL PRODUCTS TO THE U.S.A.

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14. EXPORT DOCUMENT	15. ISSUED BY : BOARD OF FOREIGN TRADE, MI-
	NISTRY OF ECONOMIC
TYPE: EXPORT PERMIT	AFFAIRS
NUMBER:	
DATE OF EXPORT:	SIGNATURE OFFICIAL STAMP

NOTES : A THIS LICENSE MUST BE TYPED IN ENGLISH. USE A SEPARATE LICENSE FOR EACH CATEGORY OF MACHINE TOOL AND EACH CUSTOMS ENTRY IN THE U.S.A.B. THIS LICENSE, DULY ENDORSED BY THE BOARD OF FOREIGN TRADE SHOWN IN BOX NO. 15, MUST BE PRODUCED TO THE COMPETENT AUTHORITIES IN THE U.S.A. AT THE TIME OF IMPORTATION.

APPENDIX D

SUBCATEGORIES OF ARRANGEMENT PRODUCTS

PRODUCT	TSUS NUMBER
MACHINING CENTERS	
SMALL, VERTICAL MACHINING CENTERS	674.3404
LARGE, VERTICAL MACHINING CENTERS	674.3406
HORIZONTAL MACHINING CENTERS	614.3409
OTHER MACHINING CENTERS	674.3411
HORIZONTAL NC LATHES	
SMALL, HORIZONTAL NC LATHES	674.3506
MEDIUM, HORIZONTAL NC LATHES	674.3508
LARGE, HORIZONTAL NC LATHES	974.3510
VERTICAL NC LATHES	674.3479
	674.3405

674.3419

NON-MC LATHES

NON APPLICABLE

MILLING MACHINES

NC MILLING MACHINES

NON-NC MILLING MACHINES

674.3464

674.3466

674.3467

674.3469

APPENDM E

Subassemblies Definitions

A.Subassemblies of the Machining Center and Milling Machine

1.Base: Forms the foundation for the entire machine. Constructed in two ways, cast or fabricated. The top surface provides the accurately machined ways (hardened surface usually cast as an integral part but may be epoxied on and then machined) to provide one direction of machine travel.

2.Cross slide : An intermediate sub-base whose lower surface is accurately fitted to the ways of the base.

The top surface includes a second pair of ways to give travel perpendicular to the base assembly.

3.Table: The component of the machine that holds the part or parts to be machined (produced). The table is mated to the cross slide ways and travels (moves) in two directions by combining the two directions of the ways on the base and cross slide.

4.Column: Typically mounts on the base or against the base and includes a vertical set of ways that carries a head or spindle assembly.

Note: The combination of the base, cross slide and column p-

provide the 3 major axis of all machining centers and milling machines.

5.Head: The head provides vertical movement on the column slide which positions the spindle and/or quill assembly to the surface to be machined. The head is the subassembly that incorporates the spindle drive components (motors, gears) that controls too speeds and feeds.

6.Control: Today's sophisticated machining centers are typically computer Numerically Controlled (CNC).

Each of the components addressed above are imported as subassemblies, machined and unmachined. Additionally, many of the machining centers' optional features are being provided as subassemblies such as : Various forms of table configurations, tool changers, and pellet changers. This also applies to the components included in the constructions of the computer numerical control.

#### B.Subassemblies of the Turning Center and Lathe

1.Base: Same basic definition as the machining center except typically a casting. There are three basic types of construction : flat bed, slant bed and vertical bed.

2.Cross slide and carriage : Is the same as defined for machining center cross slide, however, instead of carrying a table it carries the turret or tool mounting components.

3.Turret : The turret or turrets are an indexing drive that holds the various tools to be used during the machining process.

4.Head stock : The head is fixed as an integral component of the base. The head is the subassembly that incorporates the spindle drive components (motors, gears) that control spindle speed, carriage slide feed and tool index functions.

5.Tailshaft : There are two basic forms of turning, chucking and shaft turning. Chucking is for short parts that extend out of the work holding device (chuck) a very short distance

.

Shaft, turning is where the part to be machined extends a d-



istance out of the chuck and requires supporting the level of the shaft during machining with a tailshaft.

6.Control: The turning center computer numerical control is basically the same as the machining center.

Note: The combination of base, cross slide and carriage provide two axes of machine control. This is typical of all lathes and turning centers. Two additional axes are provided by adding a second cross slide and carriage.

Dear CCNAA Representative :

This letter sets forth my understanding of several elements in the arrangement between the Coordination Council for North American Affairs ("CCNAA") and the American Institute in Taiwan ("AIT") concerning trade in certain machine tools, which was signed on December 12, 1986. I request that you confirm that my understanding of these elements coincides with that of CCNAA.

The parties to this Arrangement understand that subassemblies, as defined in paragraph 6(E) of the Arrangement, would not be covered if they are spare parts or replacement components for machine tools already in the territory represented by AIT. With respect to paragraph 9 of the Arrangement ("Creation of Sub-categories of Arrangement Products"), the "representative product mix" is defined by the following guidelines : --Machining centers: 30-50 percent of exports from the territory represented by CCNAA to the territory represented by AIT must remain in the "small vertical" sub-category : the remainder should be distributed among the other sub-categories specified in Appendix E to the arrangement (i.e., they should not be concentrated in any single sub-category). --Milling Machines: exports of numerically-controlled (NC) milling machines should not exceed 3 percent of apparent consumption in the territory represented by AIT. --Numerically-controlled (NC) Lathes : The territory represented by CCNAA should maintain at least 80 percent of its NC lathe exports to the territory represented by AIT in t-



The "small horizontal" sub-category. The territory represented by CCNAA should maintain at least 80 percent of its NC lathe exports to the territory represented by AIT in the "small horizontal" sub-category.

--Non-Nc Lathes: There are no sub-categories for this category.

The categories and sub-categories of machine tools specified in this letter correspond to those set forth in Appendix A and Appendix E, respectively, of this arrangement.

Either side may request consultations to discuss mutually agreeable modifications to this guidance to take account of major changes in market conditions.

For the purposes of paragraph 10(A) of the Arrangement ("Special Issue Licenses"), AIT will ensure that the authorities in the territory represented by AIT will give special consideration to requests from CCNAA for special issue licenses associated with direct investment in the territory represented by AIT consistent with the May 20, 1986 decision of the authority in the territory represented by AIT.

For the purposes of Paragraph 12 of the Arrangement ("Duration") the term "any comparable arrangement" refers to the Arrangement between the Government of Japan and the Government of the United States of America Concerning Trade in Certain Machine Tools.

For the purposes of paragraph 14 of the Arrangement ("Determination on Report to the Authorities in the Territory Represented by AIT"), AIT shall make the determination upon post consultation with CCNAA regarding effective implementation and enforcement of the Arrangement by CCNAA.

Finally, it is my understanding that the contents of this letter and your confirmation of them constitute an integral part of the Arrangement between CCNAA and AIT Concerning Trade in Certain Machine Tools.

Sincerely,

AIT Representative

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Dear AIT Representative :

I have the honor to acknowledge receipt of your letter of December 12, 1986, which reads as follows :

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- Milling Machines: exports of numerically-controlled (NC) milling machines should not exceed 3 percent of apparent consumption in the territory represented by AIT.
- Numerically-controlled (NC) Lathes: The territory represented by CCNAA should maintain at least 80 percent of its NC lathe exports to the territory represented by AIT in the "small horizontal" sub-category.
- Non-Nc Lathes: There are no sub-categories for this category. The categories and sub-categories of machine tools specified in this letter correspond to those set forth in Appendix A and

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For the purposes of paragraph 12 of the Arrangement ("Duration") the term "any comparable arrangement" refers to the Arrangement between the Government of Japan and the Government of the United States of America Concerning Trade in Certain Machine Tools.

For the purposes of paragraph 14 of the Arrangement ("Determination on Report to the Authorities in the Territory Represented by AIT"), AIT shall make the determination upon post consultation with CCNAA regarding effective implementation and enforcement of the Arrangement by CCNAA.

Finally, it is my understanding that the contents of this letter and your confirmation of them constitute an integral part of the Arrangement between CCNAA And AIT Concerning Trade in Certain Machine Tools. Sincerely, AIT Representative " I am pleased to confirm your understandings as set forth above. Sincerely, CCNAA Representative