

September 21, 1967

**EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT BETWEEN  
THE UNITED STATES OF AMERICA AND THE PHILIPPINES  
CONCERNING TRADE IN COTTON TEXTILES**

UNITED STATES OF AMERICA

**Trade in Cotton Textiles**

Agreement effected by exchange of notes;

Signed at Washington 21 September 1967;

With Annex;

Entered into force 1 January 1968,

I

DEPARTMENT OF STATE

**WASHINGTON**

September 21, 1967

Sir:

I refer to the recent discussions held in Washington between representatives of our two Governments concernings exports of cotton textiles from the Philippines to the United States. In accordance with these discussions, I propose the following agreement:

1. The Governments reiterate their recognition as set forth in the cotton textile agreement between them of February 24, 1964,<sup>[1]</sup> that substantially all the exports of cotton textiles from the Philippines to the United States in categories 52, 53, 54, 59 and 63 consist of infants' wear produced by the Philippine cottage industry and traditionally part of the Special United States-Philippine cotton textile trade. The Governments also recognize that Philippine exports to the United States in Category 62 consist of the same type of infants' wear, and agree that this category shall be included in this group of traditional categories, Group A. The two Governments agree that the annual trade in these traditional trade categories is the following pattern:

Group A	Dozens	Square Yards Equivalent
52	25,000	363,250
.....		
53	475,000	21,517,500
.....		
54	105,000	2,625,000
.....		

59	75,000	1,200,000
.....		
62	100,000	800,400
.....		
63	1,020,000	8,164,080
.....		
TOTAL		1,800,000 34,670,230

2. In the event that the Government of the Republic of the Philippines desires to permit exports in the traditional categories enumerated in paragraph 1 to exceed in any calendar year 110 percent of the levels of traditional trade enumerated in paragraph 1 (as adjusted pursuant to paragraph 8), it shall so notify the Government of the United States of America. Upon receipt of such notification, the Government of the United States of America may request consultations on the matter if, in its view, the proposed export levels would constitute an undue concentration of trade threatening to cause a disruption of the United States market in these categories. The Government of the United States of America shall accompany its request for consultations with detailed information on the condition of the United States market in the category or categories in question. The Government of the Republic of the Philippines shall agree to enter such consultations, and during the course thereof the Government of the Republic of the Philippines shall limit its exports on an annual basis in the categories in question to 110 percent of the level of traditional trade enumerated in paragraph 1 (as adjusted pursuant to paragraph 8).

3. During calendar year 1968, the first agreement year, the Government of the Republic of the Philippines shall limit its exports to the United States in all categories of cotton textiles, except those enumerated in paragraph 1, to an aggregate limit of 22.3 million square yards equivalent.

4. Within the aggregate limit, the following group limits shall apply for the first agreement year:

Group B. Made-ups, Non-traditional Apparel, and Miscellaneous, (Categories 28-51, 55-58, 61 and 64) 17.8 million square yards equivalent

Group C. Yarn and Fabric, Categories 1-27, 4.5 million square yards equivalent.

5. Within the aggregate limit specified in paragraph 3 and the applicable Group limit specified in paragraph 4, the following specific limits shall apply for the first agreement year:

Group B	Dozens	Square Yards Equivalent
32 (handkerchiefs)	3,000,000	4,980,000
.....		
39	275,000	969,925
.....		
42	30,000	217,020
.....		
43	60,000	434,040
.....		

45	30,000	665,580
.....		
46	10,000	244,570
.....		
50	10,000	177,970
.....		
51	10,000	177,970
.....		
60	8,500	441,660
.....		
61	1,550,000	7,362,500
.....		

Group C	Square Yards Equivalent
9.....	
1,250,000	
22.....	
1,500,000	
26.....	(Of which not
1,250,000	more than
	300,000 square
	yards may
	be in
	duck.)

6. Within the aggregate limit, the limit for Group B may be exceeded by not more than 5 percent, and the limit for Group C may be exceeded by not more than 10 percent. Within the applicable group limits, as it may be adjusted under this provision, specific limits may be exceeded by not more than 5 percent.

7. (a) For any agreement year after the first agreement year and immediately following a year of a shortfall in non-traditional categories (i.e., year in which cotton textile exports from the Philippines to the United States in the B and C groups were below the aggregate limit for the B and C groups and any group and specific limits applicable to the category concerned) the Government of the Republic of the Philippines may permit exports to exceed the aggregate, group and specific limits by carryover in the following amounts and manner:

(i) The carryover shall not exceed the amount of the shortfall in either the aggregate limit or any applicable group or specific limit and shall not exceed either 5 percent of the aggregate limit or 5 percent of applicable group limit in the year of the shortfall, and

(ii) in the case of shortfalls in the categories subject to specific limits the carryover shall not exceed 5 percent of the specific limit in the year of the shortfall, and shall be used in the same category in which the shortfall occurred, and