

**UNITED STATES OF AMERICA
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
(ON BEHALF OF HONG KONG)**

**Exchange of notes constituting an agreement relating to
trade in cotton textiles (with annexes and related
notes). Hong Kong, 26 August 1966**

**Exchange of notes constituting an agreement amending
the above-mentioned Agreement (with annex). Hong
Kong, 31 May 1967**

Authentic texts: English.

Registered by the United States of America on 6 August 1969.

**ÉTATS-UNIS D'AMÉRIQUE
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
(AU NOM DE HONG-KONG)**

**Échange de notes constituant un accord relatif au commerce
des textiles de coton (avec annexes et notes connexes).
Hong-kong, 26 août 1966**

**Échange de notes constituant un accord portant modifica-
tion de l'Accord susmentionné (avec annexe). Hong-
kong, 31 mai 1967**

Textes authentiques: anglais.

Enregistrés par les États-Unis d'Amérique le 6 août 1969.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
HONG KONG RELATING TO TRADE IN COTTON
TEXTILES

I

*The American Consul-General to the Hong Kong Director, Commerce
and Industry Department*

AMERICAN CONSULATE GENERAL

HONG KONG, B.C.C.

No. 37

August 26, 1966

Sir :

I refer to the recent discussions in Hong Kong between representatives of our two Governments concerning exports of cotton textiles from Hong Kong to the United States and to the Long-Term Arrangements Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962.²

As a result of these discussions, I propose, on behalf of my Government under Article 4 of the Long-Term Arrangements, the following agreement relating to exports of cotton textiles from Hong Kong to the United States.

1. The term of this Agreement shall be from October 1, 1965 through September 30, 1970. During the term of this Agreement the Government of Hong Kong shall limit annual exports of cotton textiles from Hong Kong to the United States to aggregate, group and specific limits at the levels specified below and in Annex A.

2. For the first agreement year, constituting the twelve-month period beginning October 1, 1965 the aggregate limit shall be 322,500,000 square yards equivalent.

¹ Came into force on 26 August 1966 with retroactive effect from 1 October 1965, in accordance with the provisions of the said notes.

² United Nations, *Treaty Series*, vol. 471, p. 296.

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

<i>Groups</i>	<i>In square yards equivalent</i>
I. Yarn	7,338,841
II. Fabric	126,853,127
III. Apparel	158,189,916
IV. Made-up goods and Miscellaneous	30,118,116

4. Within the aggregate limit and the applicable group limits, the specific limits provided for in Annex A shall apply for the first agreement year.

5. Within the aggregate limit, the limits for Groups I, II and IV may be exceeded by not more than 10 percent, and the limit for Group III may be exceeded by not more than 5 percent. Within the applicable group limit (as it may be adjusted under this provision) specific limits may be exceeded by not more than 5 percent.

6. During the term of this Agreement, the Government of Hong Kong shall limit exports of corduroy apparel from Hong Kong to the United States. For the first agreement year this limit on corduroy apparel shall be 7,350,000 square yards equivalent. Exports of corduroy apparel shall also be counted against all other pertinent limits provided in this Agreement.

7. In the second and succeeding twelve-month periods for which any limitation is in force under paragraphs 1, 2, 3, 4 (including Annex A) and 6 of this Agreement, the level of exports permitted under such limitation shall be increased by 5 percent over the corresponding level for the preceding twelve-month period, the latter level not to include any adjustments under paragraph 5.

8. In the event of undue concentration in exports from Hong Kong to the United States of cotton textiles in any category not given a specific limit, the Government of the United States of America may request consultation with the Government of Hong Kong to determine an appropriate course of action. During the course of such consultation the Government of Hong Kong will not license further exports of the particular product in question.

9. The Government of Hong Kong shall use its best efforts to space exports from Hong Kong to the United States within each category evenly throughout the agreement year, taking into consideration normal seasonal factors.

10. The two Governments recognize that the successful implementation of this Agreement depends in large part upon mutual cooperation on statistical questions. The Government of the United States of America shall promptly supply the Government of Hong Kong with data on monthly imports of cotton textiles from Hong Kong. The Government of Hong Kong shall promptly supply the Government

of the United States of America with pertinent data on anticipated exports in categories not subject to specific limits and data on monthly exports of cotton textiles to the United States. Each Government agrees to supply promptly any other available statistical data requested by the other Government.

11. In the implementation of this Agreement the system of categories listed in Annex B shall apply. Recognizing that this Agreement aligns to the best knowledge of the two Governments, Hong Kong's export control practices and United States classification practices as far as is practicable to do so (unless agreed otherwise), each Government will consult with the other, at the earliest possible opportunity, if it comes to the notice of either Government that any problem in the classification of specific products may be developing, and both Governments will seek by all means at their disposal to resolve any problems of classification practice which may be found to exist, in a manner compatible with the interests of both Governments. Any adjustment which cannot be made during an agreement year will be considered at the annual consultations provided for in paragraph 13.

12. In the implementation of this Agreement the rates of conversion into square yard equivalents listed in Annex B hereto shall apply.

13. The two Governments agree to consult annually during the last quarter of each agreement year to review this Agreement and whenever there is any question arising in the implementation of this Agreement.

14. If the Government of Hong Kong considers that as a result of limits specified in this Agreement, Hong Kong is being placed in an inequitable position vis-à-vis a third country, the Government of Hong-Kong may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as a reasonable modification of this Agreement.

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

16. Either Government may terminate this Agreement effective at the end of an agreement year by written notice to the other Government to be given at least 90 days prior to the end of such agreement year. Either Government may at any time propose revisions in the terms of this Agreement.

17. During the term of this Agreement, the Government of the United States of America will not request restraint on the export of cotton textiles from Hong Kong to the United States under the procedures of Article 3 of the Long-Term Arrangements Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962. The applicability of the Long-Term Arrangements to trade in cotton textiles between Hong-Kong and the United States shall otherwise be unaffected by this Agreement.

If this proposal is acceptable to the Government of Hong Kong, this note and your note of acceptance on behalf of the Government of Hong Kong shall constitute an agreement between our Governments.

Accept, Sir, the renewed assurances of my high consideration.

Edward E. RICE

Enclosures :

1. Annex A.
2. Annex B.

The Honorable D. R. Holmes, C.B.E., M.C., E.D.
Director, Commerce and Industry Department
Hong Kong

ANNEX A

CATEGORIES SUBJECT TO SPECIFIC LIMITS AND OTHER CATEGORIES

		<i>Limit</i>	
<i>Group and Category</i>	<i>Unit</i>	<i>Quantity</i>	<i>Equivalent Sq. yds.</i>
GROUP I, <i>Yarns</i> :			
Cotton yarns (Categories 1-4)	lb.	1,595,400	7,338,841
GROUP II, <i>Fabrics</i> :			
Ginghams (Categories 5-6)	Sq. yd.	4,385,172	4,385,172
Sheeting (Categories 9-10)	Sq. yd.	55,504,621	55,504,621
Twill and Sateen (Categories 22-23) . .	Sq. yd.	19,400,000	19,400,000
Yarn-dyed fabrics, n.e.s. (Categories 24-25)	Sq. yd.	952,381	952,381
Duck fabric (Categories 26 (1) and 27 (2)	Sq. yd.	28,000,000	28,000,000
*All other fabrics (Categories 7, 8, 11, 12 13, 14, 15, 16, 17, 18, 19, 20, 21, 26 (2), 27 (1), 27 (3))	Sq. yd.	18,610,953	18,610,953
GROUP III, <i>Apparel</i> :			
Knit T-shirts (Categories 41-42) . . .	Doz.	413,438	2,990,808
Other knit shirts (Category 43)	Doz.	428,571	3,100,282
Dress Shirts (Category 45)	Doz.	568,765	12,618,624
Sport Shirts (Category 46)	Doz.	543,708	13,297,468