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UNITED STATES OF AMERICA
and
MEXICO

Exchange of notes constituting an agreement concerning trade in cotton textiles (with annex). Washington, 2 June 1967

Authentic texts: English and Spanish.

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

ÉTATS-UNIS D'AMÉRIQUE
et
MEXIQUE

Échange de notes constituant un accord relatif au commerce des textiles de coton (avec annexe). Washington, 2 juin 1967

Texte authentique : anglais et espagnol.

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

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT[1] BETWEEN THE UNITED STATES OF AMERICA AND MEXICO CONCERNING TRADE IN COTTON TEXTILES

I

DEPARTMENT OF STATE
WASHINGTON

June 2, 1967

Excellency:

I have the honor to refer to the recent discussions held in Washington and Mexico City between representatives of our two Governments concerning exports of cotton textiles from Mexico to the United States. In accordance with these discussions I propose the following agreement concerning this trade:

1. The term of this agreement shall be from May 1, 1967 through April 30, 1971. During the term of this agreement, the Government of Mexico shall limit annual exports of cotton textiles from Mexico to the United States to aggregate, group and specific limits at the levels specified in the following paragraphs.

2. For the first agreement year, constituting the 12-month period beginning May 1, 1967, the aggregate limit shall be 75 million square yards equivalent.

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

Groups	*In Sq. Yds. Equivalent*
I. Yarn (Categories 1-4)	51.8 million
II. Fabric (Categories 5-27)	21.0 million
III. Made-up goods, apparel, and miscellaneous (Categories 28-64)	2.2 million

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

Group II. Fabric

Category 9: 4 million square yards
Category 10: 2 million square yards

[1] Came into force on 2 June 1967 with retroactive effect from 1 May 1967, in accordance with the provisions of the said notes.

Category 22:	4 million square yards	
Category 23:	3 million square yards	
Category 26:	6 million square yards	(but not more than 4.5 million square yards in Categories 26 and 27 shall be in duck)
Category 27:	2 million square yards	

Group III. Made-up goods, apparel and miscellaneous

Category 63:	110,000 pounds
Category 64:	326,000 pounds (of which not more than 90,000 pounds shall be in zipper tape).

5. Within the aggregate limit, the limit for Group I and Group II 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, including the limits on duck and zipper tape, may be exceeded by not more than 5 percent.

6. In the second and succeeding 12-month periods for which any limitation is in force under this agreement, the level of exports permitted under such limitation shall be increased by 5 percent of the corresponding level for the preceding 12-month period, the latter level not to include any adjustments under paragraphs 5 and 14.

7. Within the group limits for each group the square yard equivalent of any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit. In the event Mexico desires to export during any agreement year more than the consultation level established herein in combed yarn (Categories 3 and 4) or in any category in Groups II and III not given a specific limit, the Government of Mexico shall request consultations with the Government of the United States of America on this question. The Government of the United States of America shall agree to enter into such consultations and during the course thereof, shall provide the Government of Mexico with information on the condition of the United States market in the category in question. Until agreement is reached, the Government of Mexico shall limit its exports in the category in question to the consultation level. During the first agreement year, the consultation level for combed yarn (Categories 3 and 4) shall be 13 million square yards equivalent and for categories not given specific limits shall be 500,000 square yards for such categories in Group II and 350,000 square yards for such categories in Group III.

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

9. The two governments recognize that the successful implementation of this agreement depends in large part upon mutual co-operation on statistical questions. The Government of the United States of America shall promptly supply the Government of Mexico with data on monthly imports of cotton textiles from Mexico.

The Government of Mexico shall promptly supply the Government of the United States of America with data on monthly exports of cotton textiles to the United States. Each government agrees to supply promptly any other available relevant statistical data requested by the other government.

10. In the implementation of this agreement, the system of categories and the rates of conversion into square yard equivalents listed in Annex A hereto shall apply. In any situation where the determination of an article to be a cotton textile would be affected by whether the criterion provided for in Article 9 of the Long Term Arrangement [1] is used or the criterion provided for in paragraph 2 of Annex E of the Long Term Arrangement is used, the chief value criterion used by the Government of the United States of America in accordance with paragraph 2 of Annex E shall apply.

11. The Government of the United States of America and the Government of Mexico agree to consult on any question arising in the implementation of the agreement.

12. 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.

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

14. (*a*) For any agreement year immediately following a year of a shortfall (i.e., a year in which cotton textile exports from Mexico to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Mexico may permit exports to exceed these 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 % of the aggregate limit or 5 % of the 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 % of the specific limit in the year of the shortfall, and shall be used in the same category in which the shortfall occurred, and

(iii) In the case of shortfalls not attributable to categories subject to specific limits, the carryover shall be used in the same group in which the shortfall occurred,

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[1] United Nations, *Treaty Series*, vol. 471, p. 296. As registered by the Executive Secretary of the Contracting Parties to the General Agreement on Tariffs and Trade, this Arrangement is identified in the United Nations *Treaty Series* by the date of its entry into force, i.e., 1 October 1962.