

No. 9777

**UNITED STATES OF AMERICA
and
PAKISTAN**

**Exchange of notes constituting an agreement concerning trade
in cotton textiles (with annexes). Washington, 3 July 1967**

Authentic text: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN**

**Échange de notes constituant un accord relatif au commerce des
textiles de coton (avec annexes). Washington, 3 juillet 1967**

Texte authentique : anglais.

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
PAKISTAN CONCERNING TRADE IN COTTON TEXTILES

I

DEPARTMENT OF STATE
WASHINGTON

July 3, 1967

Excellency,

I have the honor to refer to the decision of the Cotton Textiles Committee of the General Agreement on Tariffs and Trade approving a Protocol ² to extend through September 30, 1970, the Long-Term Arrangement Regarding International Trade in Cotton Textiles, done in Geneva on February 9, 1962 ³ (hereinafter referred to as "the Long-Term Arrangement"). I also refer to recent discussions between representatives of our two Governments and to the agreement between our two Governments concerning exports of cotton textiles from Pakistan to the United States effected by an exchange of notes dated November 21, 1966.⁴ I confirm on behalf of my Government, the understanding that the 1966 agreement is replaced with the following agreement. This agreement is based on our understanding that the abovementioned Protocol will enter into force for our two Governments on October 1, 1967.

1. The term of this agreement shall be from July 1, 1966, through June 30, 1970. During the term of this agreement, annual exports of cotton textiles from Pakistan to the United States shall be limited to aggregate, group and specific limits at the levels specified in the following paragraphs. It is noted that these levels reflect a special adjustment for the first agreement year. The levels set forth in paragraphs

¹ Came into force on 3 July 1967 with retroactive effect from 1 July 1966, in accordance with the provisions of the said notes.

² United Nations, *Treaty Series*, vol. 620, p. 276.

³ *Ibid.*, 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.

⁴ *Ibid.*, vol. 681, p. 3.

2, 3 and 4 for the second agreement year are 5 % higher than the limits for the preceding year without this special adjustment; thus the growth factor provided for in paragraph 6 has already been applied in arriving at these levels for the second agreement year.

2. For the first agreement year, constituting the 12-month period beginning July 1, 1966, the aggregate limit shall be 57.5 million square yards equivalent. For the second agreement year, the aggregate limit shall be 68.25 million square yards equivalent.

3. Within the aggregate limit, the following group limits shall apply for the first and second agreement years, respectively:

<i>Group</i>	<i>First Agree- ment Year (In syds. equivalent)</i>	<i>Second Agree- ment Year</i>
I (Categories 1-27)	50,225,000	59,745,000
II (Categories 28-64)	7,275,000	8,505,000

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

GROUP I

<i>Category</i>	<i>First Agree- ment Year (In syds. equivalent)</i>	<i>Second Agree- ment Year</i>
Category 9 (Sheeting, carded)	24,375,000	29,925,000
Category 15 (Poplin & broadcloth, carded) . . .	2,125,000	2,625,000
Print Cloth (Categories 18, 19 and parts of Category 26) *	10,000,000	10,500,000
Category 22 (Twill and Sateen)	2,350,000	3,570,000
Barkcloth Type Fabrics (Parts of Category 26) *	3,125,000	3,675,000
Duck (Parts of Category 26)	6,250,000	7,350,000
Other **	2,000,000	2,100,000

* Print Cloth and Bark Cloth type fabrics are further described in Annex A.

** These "other" categories are not subject to specific limits. Hence, within the aggregate and the applicable group limits, as they may be adjusted under paragraph 5, the square yard equivalent of shortfalls in exports in categories with specific limits may be used in these "other" categories subject to the provisions of paragraph 7.

GROUP II

<i>Category</i>	<i>Units</i>	<i>Square Yards Equivalent</i>
<i>First Agreement Year</i>		
Shop Towels (Part of Category 31)	3,900,000 pcs.	1,357,200
T Shirts (Categories 41 and 42)	270,735 doz.	1,958,497
Other **		3,959,303
<i>Second Agreement Year</i>		
Shop Towels (Part of Category 31)	4,095,000 pcs.	1,425,060
T Shirts (Categories 41 and 42)	349,589 doz.	2,528,926
Other **		4,551,014

5. Within the aggregate limit, the limit for Group I may be exceeded by not more than 10 percent and the limit for Group II 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. In 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 or 14.

7. In the event of undue concentration in exports from Pakistan 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 Pakistan to determine an appropriate course of action. Until a mutually satisfactory solution is reached, exports in the category in question from Pakistan to the United States starting with the 12-month period beginning on the date of the request for consultation shall be limited. The limit shall be 105 percent of the exports of such products from Pakistan to the United States during the most recent 12-month period preceding the request for consultation and for which statistics are available to our two Governments.

8. The Government of Pakistan shall use its best efforts to space exports from Pakistan 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

** See foot-note p. 82.

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 Pakistan with data on monthly imports of cotton textiles from Pakistan. The Government of Pakistan 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 B 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 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 Pakistan 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 Pakistan considers that as a result of limitations specified in this agreement, Pakistan is being placed in an inequitable position vis-à-vis a third country, the Government of Pakistan 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 Pakistan to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Pakistan 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