

No. 9778

**UNITED STATES OF AMERICA
and
ISRAEL**

**Exchange of notes constituting an agreement concerning trade
in cotton textiles (with annex). Washington, 13 July 1967**

Authentic text: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

**Échange de notes constituant un accord relatif au commerce des
textiles de coton (avec annexe). Washington, 13 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 ISRAEL CONCERNING TRADE IN COTTON TEXTILES

I

July 13, 1967

Excellency,

I 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 Israel to the United States effected by an exchange of notes dated January 27, 1967. ⁴ I confirm, on behalf of my Government, the understanding that this agreement is replaced by a new agreement as provided in the following numbered paragraphs. This new agreement is based on our understanding that the above-mentioned Protocol will enter into force for our two Governments on October 1, 1967.

1. The term of this agreement shall be from October 1, 1966 through September 30, 1970. During the term of this agreement, the Government of Israel shall limit annual exports of cotton textiles from Israel 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 October 1, 1966, the aggregate limit shall be 23 million square yards equivalent.

¹ Came into force on 13 July 1967 with retroactive effect from 1 October 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. 688, No. I-98459.

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

	<i>In Million Square Yards Equivalent</i>
Group I. Fabric and miscellaneous (categories 5-38 and 64)	7.5
Group II. Apparel (categories 39-63)	4.0

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

Group I. Fabrics and Miscellaneous

Category 9/10	1 million square yards
Category 22/23	2 million square yards
Category 26/27	2.5 million square yards (of which exports in duck may not exceed 1.75 million square yards).
Category 64	220,000 pounds (1,012,000 square yards equivalent)

Group II. Apparel

	<i>In Square Yards Equivalent</i>
Category 48: 30,098 dozens	1,504,900
Category 52: 25,000 dozens	363,250
Category 53: 10,000 dozens	453,000
Category 62: 220,000 pounds	1,012,000
Category 63: 100,000 pounds	460,000

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. (a) Within the aggregate limit and any applicable group limits 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, including the yarn categories.

(b) In the event of undue concentration in exports from Israel to the United States of yarn in Categories 2, 3 and 4, the Government of the United States of America may request consultation with the Government of Israel in order to reach a mutually satisfactory solution to the problem. The Government of Israel shall enter into such consultations when requested. Until a mutually satisfactory solution is reached, the Government of Israel shall limit the exports from Israel to the United States of yarn in the category in question starting with the twelve-month period

beginning on the date of the request for consultation. This limit shall be one hundred five percent of the exports from Israel to the United States in that category of yarn during the most recent twelve-month period preceding the request for consultation for which statistics are available to our two Governments on the date of the request.

(c) In the event the Government of Israel desires to permit exports during any agreement year of more than the level of the consultation limit specified herein in any category in Groups I or II not having a specific limit, the Government of Israel shall request consultations with the Government of the United States of America on this question. For the first agreement year the level of the consultation limit for each category in Group I not having a specific limit shall be 500,000 square yards equivalent, and for each category in Group II not having a specific limit shall be 300,000 square yards equivalent. The Government of the United States of America shall enter into such consultations and, during the course thereof, shall provide the Government of Israel with information on the condition of the United States market in the category in question. Until agreement is reached the Government of Israel shall continue to limit exports in that category for that agreement year to the consultation limit.

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

8. In the second and succeeding 12-month periods for which any limitations are in force under this agreement, the level of exports permitted under such limitations shall be increased by 5 percent of the corresponding levels for the preceding 12-month period, the latter levels not to include any adjustments under paragraphs 5 or 16.

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 Israel with monthly data on the import of cotton textiles from Israel. The Government of Israel 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 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 Israel 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 procedures or operation.

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

14. 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 Israel to the United States under the provisions of Article 3 of the Long-Term Arrangement. The applicability of the Long-Term Arrangement to trade in cotton textiles between Israel and the United States shall otherwise be unaffected by this agreement.

15. In view of the special circumstances that existed in 1966 the following special provisions apply:

(a) For the first agreement year only, exports in Categories 9/10, 22/23 and 26/27 up to 60 percent in excess of the specific limit for each such set of these categories and of the specific limit for duck:

- (i) shall not be counted against the specific limits specified in paragraph 4 or the Group II limit specified in paragraph 3, but
- (ii) shall be counted against the aggregate limit specified in paragraph 2.

The figures stated in paragraphs 3 and 4 for group and specific limits shall be used without any adjustments authorized under paragraph 5 for the purpose of calculating the amount of these exports that are not to be counted against specific and group limits. The amounts that may be exported under this subparagraph (a) shall not be considered as adjustments of any limits for purposes of paragraphs 5, 8 or 16 of this agreement.

(b) During each of the second, third and fourth agreement years, the two Governments will charge against the specific, group and aggregate limits applicable for each such year the following quantities as compensation for overshipments during the 12-month period beginning October 1, 1965: