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UNITED STATES OF AMERICA
and
PHILIPPINES

Exchange of notes constituting an agreement concerning trade in cotton textiles (with annex). Washington, 21 September 1967

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ÉTATS-UNIS D'AMÉRIQUE
et
PHILIPPINES

Échange de notes constituant un accord relatif au commerce des textiles de coton (avec annexe). Washington, 21 septembre 1967

Texte authentique : anglais.

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

I

DEPARTMENT OF STATE
WASHINGTON

September 21, 1967

Sir :

I refer to the recent discussions held in Washington between representatives of our two Governments concerning 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,[2] 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 approximates 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

[1] Came into force on 1 January 1968, in accordance with paragraph 15.
[2] United Nations, *Treaty Series*, vol. 505, p. 283.

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 into 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 . . .	1,250,000	(Of which not 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 aggreegate, 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 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 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

(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, shall not be used to exceed any applicable specific limit except in accordance with the provisions of paragraph 6, and shall not be used to exceed the limits in paragraph 9.

(*b*) The limits referred to in subparagraph (*a*) of this paragraph are without any adjustments under this paragraph or paragraph 6.

(*c*) The carryover shall be in addition to the exports permitted in paragraph 6.

8. In the second and third agreement year the limitations on exports established by paragraphs 3, 4, 5 and 9, and the levels of traditional trade categories enumerated in paragraph 1, shall be increased by 5 percent of the corresponding level for the preceding year, the latter level not to include any adjustment under paragraphs 6 or 7.