

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/300

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Special Distribution

Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the United States and Pakistan

The Textiles Surveillance Body has received a notification from the United States of a new agreement on cotton textiles concluded between the United States and Pakistan under Article 4 of the Arrangement.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4^{1/}, has examined the relevant documentation and is circulating the text of the notification to participating countries for their information.

^{1/} See COM.TEX/SR/35, Annex B.

UNITED STATES AND PAKISTAN
SIGN COTTON TEXTILE AGREEMENT

The United States and Pakistan exchanged notes on 4 January 1978 and 9 January 1978 respectively, to effect a new bilateral cotton textile agreement. The texts of the notes follow:

UNITED STATES NOTE

4 January 1978

Excellency:

I have the honour to refer to the Agreement concerning trade in cotton textiles of 6 May 1975, as amended, between the United States and Pakistan (hereinafter referred to as the Agreement) and to recent discussions between representatives of our two Governments concerning exports of cotton textiles from Pakistan to the United States. As a result of those discussions, I wish to propose the following Agreement relating to trade in cotton textiles between Pakistan and the United States, effective 1 January 1978.

1. The term of this Agreement shall be from 1 January 1978 through 30 June 1982. During such term, the Government of Pakistan will limit exports of cotton textiles to the United States during each agreement period, to aggregate, group, and specific limits at the levels specified in the following paragraphs.

2. The Agreement is divided into four agreement periods, with the following terms:

First Agreement Period	1 January 1978 through 31 December 1978
Second Agreement Period	1 January 1979 through 31 December 1979
Third Agreement Period	1 January 1980 through 31 December 1980
Fourth Agreement Period	1 January 1981 through 30 June 1982.

His Excellency
Sahabzada Yaqub-Khan
Ambassador of Pakistan

3. For the first agreement period, the aggregate limit will be 150,000,000 square yards equivalent.

4. Within the applicable aggregate limit, the following group limits shall apply for the first agreement period.

	<u>Square yards equivalent</u>
<u>Group I</u> (Categories 300-320, 360-369)	130,000,000
<u>Group II</u> (Categories 330-359)	22,000,000

5. Within the applicable aggregate and group limits, the following specific limits will apply for the first agreement period:

<u>Group I</u>		<u>Square yards equivalent</u>
Category 313 (sheeting)		56,419,000
Category 319 (duck)		13,321,000
Category 363 (terry and other pile towels)		2,350,000
<u>Group II</u>	<u>Units</u> (dozen)	
Category 338 (knit shirts, M and B)	1,597,222	11,500,000
- sub-limit TSUSA		
380.0650	799,583	5,757,000
Category 339 (knit shirts, W, G and I)	347,222	2,500,000
- sub-limit TSUSA		
382.0670	122,083	879,000

6. For the second and third agreement periods, the aggregate, group and specific limits shall be 107 per cent of the applicable limits for the preceding period. For the fourth agreement period, the aggregate, group and specific limits shall be 164.24 per cent of the applicable levels for the third agreement period.

7. (a) Within the aggregate limit, the Group I limit may be exceeded in any agreement period by 15 per cent, and the Group II limit by 7 per cent.

(b) Within the aggregate and applicable group limits, as they may be adjusted pursuant to this paragraph, specific limits in Categories 300-320, 360-369 may be exceeded in any agreement period by 10 per cent and in Categories 330-359 by 7 per cent.

8. (a) In any agreement period, exports may exceed by a maximum of 11 per cent the aggregate limit and any group or specific limit by allocating to the limits for that period an unused portion of the applicable limit for the previous agreement period (carryover) or a portion of the applicable limit for the succeeding agreement period (carry forward).

(i) Carryover may be utilized as available up to 11 per cent of the receiving period's applicable limits;

(ii) Carry forward may be utilized up to 6 per cent of the receiving period's applicable limits and charged against the next period's applicable limits;

(iii) The combination of carryover and carry forward may not exceed 11 per cent of the receiving period's applicable limits in any agreement period.

(b) For purposes of this Agreement, a shortfall occurs when exports from Pakistan to the United States during an agreement period are below the aggregate limits in this Agreement or the limits in force for the year ending 31 December, 1977, provided in the Agreement referred to above. In the agreement period following the shortfall, exports from Pakistan to the United States may be permitted to exceed the aggregate, group, and specific limits in accordance with the provisions of sub-paragraph (a) and (b) of this paragraph by carryover of shortfalls in the following manner:

(i) The carryover shall not exceed the amount of shortfall in either the aggregate limit or any applicable group or specific limit; and

(ii) In the case of shortfalls in the categories (or combination of categories) subject to specific limits, the shortfalls shall be used in the same category (or combination of categories) in which the shortfall occurred; and

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

(c) The limits referred to in sub-paragraphs (a) and (b) of this paragraph are without any adjustment under this paragraph or paragraph 7 above.

(d) The total adjustment under this paragraph shall be in addition to the adjustment permitted by paragraph 7 to the limits for any agreement period.

9. (a) Categories not given specific limits are subject to consultation levels and to the aggregate and applicable group limits. In the event the Government of Pakistan wishes to permit exports from Pakistan to the United States in any category in excess of the applicable consultation level during any agreement year, the Government of Pakistan shall request consultations with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations. Until agreement on a different level of exports is reached, the Government of Pakistan shall limit exports from Pakistan to the United States in the category in question to the consultation level. Consultation levels applicable for the first, second and third agreement periods for certain categories not given specific limits are listed in Annex A. For each category not given a specific limit and not listed in Annex A, the consultation level for the first, second and third agreement periods will be 1,000,000 square yards equivalent in Categories 300-320, 360-369; and 700,000 square yards equivalent in Categories 330-359.

(b) For the fourth agreement period, the consultation level for each category listed in Annex A shall be 150 per cent of the level given in Annex A. For each category not given a specific limit and not listed in Annex A, the consultation level will be 1,500,000 square yards equivalent in Categories 300-320 and 360-369, and 1,050,000 square yards equivalent in Categories 330-359.

10. 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.

11. 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 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.

12. In the implementation of this agreement, the system of categories and the rates of conversion into square yards equivalent 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 a chief weight or chief value criterion is used, the chief value criterion used by the Government of the United States of America shall apply.

13. The Government of Pakistan and the Government of the United States of America agree to consult on any question arising in the implementation of this agreement.

14. 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.

15. If the Government of Pakistan considers that, as a result of limitation specified in this Agreement, Pakistan is being placed in an inequitable position vis-à-vis a third country, the Government of Pakistan may request consultations 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. These consultations will begin within thirty days from the date of request, unless mutually agreed otherwise.

16. 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 Pakistan to the United States under terms other than those contained in this Agreement. The applicability of any international agreement to which both countries are parties to trade in textiles between Pakistan and the United States shall be otherwise unaffected by this Agreement.

17. The Government of the United States of America may assist the Government of Pakistan in implementing the limitation provisions of this Agreement by controlling imports of cotton textiles covered by the Agreement.

18. Exports of handloom fabrics of the cottage industry, hand-made cottage industry products made of such handloomed fabrics, and traditional folklore handicraft textile products, also known as "Pakistan Items", are not within the purview of this Agreement. A list of Pakistan items with definitions, as identified by representatives of both Governments, is attached to this Agreement as Annex C, and will serve as a basis for implementing this provision of the Agreement. Additional items may be subsequently added to this list by mutual agreement.

19. The export visa system and certification procedure for hand-made cottage industry products and Pakistan Items, which has been implemented by previous administrative arrangements, will be continued in force.

20. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time to problems which have been the subject of consultations under this Agreement or its related documents, either Government may, after notification to the other Government, refer such problems to such international organizations to which both Governments are parties which deal with the subject matter of this Agreement.

21. Either Government may terminate this Agreement effective at the end of any Agreement period by written notice to the other Government to be given at least ninety days prior to the end of such Agreement period. Either Government may at any time propose revisions in the terms of this Agreement.

If this proposal is acceptable to the Government of Pakistan, this note and your Excellency's note of confirmation on behalf of the Government of Pakistan shall constitute an Agreement between the Government of Pakistan and the Government of the United States of America.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:

(signed) William Barraclough

ANNEX A

DESIGNATED CONSULTATION LEVELS

<u>Group I</u>	<u>Units</u>	<u>Square yards equivalent</u>
Category 315 (printcloth)		26,049,000
Category 317 (twills and sateen)		6,512,000
Category 369 part (miscellaneous manufactures excluding bar mops - TSUSA 366.1855)		9,002,000
 <u>Group II</u>		
Category 352 (underwear)	245,455 dozen	2,700,000
Category 340 (blouses)	102,621 "	1,488,000
Category 359 (other apparel)	266,739 lbs.	1,227,000

ANNEX B

<u>Categories</u>	<u>Description</u>	<u>Conversion Factor/Unit</u>
300	Cotton carded yarn	4.6/lb
301	Cotton combed yarn	4.6/lb.
310	Gingham	1.0/syd.
311	Velveteen	1.0/syd.
312	Corduroy	1.0/syd.
313	Sheeting	1.0/syd.
314	Broadcloth	1.0/syd.
315	Printcloth	1.0/syd.
316	Shirtings	1.0/syd.
317	Twills and sateens	1.0/syd.
318	Yarn-dyed	1.0/syd.
319	Duck	1.0/syd.
320	Other fabrics- n.e.s.	1.0/syd.
330	Handkerchiefs	1.7/doz.
331	Gloves	3.5/dpr.
332	Hosiery	4.6/dpr.
333	Suit-type coats, men's and boys'	36.2/doz.
334	Other coats, men's and boys'	41.3/doz.
335	Coats, women's, girls' and infants'	41.3/doz.
336	Dresses	45.3/doz.
337	Playsuits	25.0/doz.
338	Knit shirts, men's and boys'	7.2/doz.
339	Knit shirts and blouses, women's girls' and boys'	7.2/doz.
340	Shirts, not knit	24.0/doz.
341	Blouses, not knit	14.5/doz.
342	Skirts	17.8/doz.
343	Suits, men's and boys'	4.5/no.

ANNEX B (cont'd)

<u>Categories</u>	<u>Description</u>	<u>Conversion Factor/unit</u>
344	Suits, women's, girls' and infants	4.5/no.
345	Sweaters	36.8/doz.
347	Trousers, men's and boys'	17.8/doz.
348	Trousers, women's, girls' and infants'	17.8/doz.
349	Brassières, etc.	4.8/doz.
350	Dressing gowns	51.0/doz.
351	Nightwear	52.0/doz.
352	Underwear	11.0/doz.
359	Other apparel	4.6/lb.
360	Pillowcases	1.1/no.
361	Sheets	6.2/no.
362	Bedspreads and quilts	6.9/no.
363	Terry and other pile towels	0.5/no.
369	Other cotton manufactures	4.6/lb.

ANNEX C

Definition

"Pakistan items" are those items that are uniquely and historically traditional Pakistani products cut, sewn or otherwise fabricated by hand in the cottage industry. They are limited to the products enumerated below and such other items as may be agreed upon from time to time.

List of Pakistan Items

1. Shisha embroidered dresses - traditional mirror embroidery on plain, printed or striped material, worn by the people of Sind and Baluchistan. Short, medium or long in length according to the areas from which they come.
2. Dastkari Kurta and/or Gharara - a Kurta is a type of halter blouse worn with the Gharara. A Gharara is a traditional form of the pajama worn by ladies of the Moghul courts. Each leg of the Gharara measures about one yard across the bottom opening. Both made of cotton material with multi-coloured embroidery and with drawstrings at the top and waist, in the tradition of the Moghul Kings.
3. Multani Kurat - crochet worked shorts or long tunic worn by the peasants in Punjab. Crocheted work located at the neck and front and has triangular inserts at the armpits.
4. Embroidered Kurta - type of shirt or loose tunic worn throughout Pakistan over loose trousers. Is embroidered in different colours. Adapted from Angarkha by King Ahmad Shah Abdali. Worn short or long and has triangular inserts at the armpits.
5. Multani Choli - (if in part of set) fitted blouse worn with either a Lungi (i.e. a scarf) or Sari in Punjab and Sind. Choli is embroidered in different colours or hand printed, tied either in front or back.
6. Rilli Kurta - Kurta of heavy fabric with patchworked decorations applied by hand, worn by the women of Sind.
7. Burqa - loose tunic or dress with hood attached worn by ladies when going out of the house. Worn as an outer covering and often gaily embroidered or hand printed.

ANNEX C (cont'd)

8. Quetta jackets - loose vest worn over Kurta by men and women. Made either of printed material or of embroidered material with mirrors on plain colours.
9. Ghagra - ankle length, loose fitting skirt with drawstrings around the waist or hooks worn with either a fitted or loose choli, with traditional colours embroidered or hand printed. Worn in the Tharparkar area of Sind.
10. Batwa - drawstring pouches, bags, purses and string bags. Accessories for all Pakistani dresses for carrying betel nuts and other personal things. Gaily printed or hand embroidered or with mirrors, or made with coloured strings.
11. Shindi Julaba - very loose ankle length garment in handloom or hand-blocked material with a hood attached, with tie string at V opening in neck and side slits at lower part extending to lower hem. Worn with or without hood in the villages of Sind and can also be embroidered.
12. Izarban - cotton belt in multi-coloured continuous lengths of unwoven threads.
13. Baluchi Kameez - embroidered top worn by the women of Baluchistan over Shalwar or Turkish trousers. Flared tunic with extra wide sleeves tapering to a buttoned cuff.
14. Cotton embroidered kaftan - kaftan in the traditional embroidery of Multan, Makran, Derz Ghazi Kan and Nuchki. Long, loose fitting dress with embroidery around top and bottom with side slits of about eighteen inches to the lower hem.
15. Cholistan Kurta - colourful striped heavy, unbleached fabric worn by the camel drivers of the Cholistan Desert with stand-up collar band and sleeves made into the body of the garment.
16. Chilaf - embroidered decorative tubular case open at both ends with drawstring enclosures.
17. Dupatta - (if in part of a set) long scarf about four feet or more long and three feet or more wide of thin cotton fabric with colourful design worn by women to cover the head.
18. Cimmerband - antique and embroidered wide belts worn around the waist, with heavy mirrored embroidery.

PAKISTAN NOTE

9 January 1978

Excellency:

I have the honour to refer to your note of 4 January 1978, proposing an agreement on trade in cotton textiles between Pakistan and the United States of America.

I confirm on behalf of the Government of Pakistan that the proposal contained in your note is acceptable to my Government, and that your note and this note in reply, constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

(signed) Sahabzada Yaquub Khan

The Honorable
Cyrus R. Vance
Secretary of State
Washington DC 20520