

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Agreement between the United States and the
Republic of the Philippines¹

Addendum

Attached is the text of the notes exchanged between the Government of the United States and the Government of the Republic of the Philippines amending the bilateral agreement concluded between the two countries concerning trade in cotton textiles.

The text of this Agreement has been transmitted to the Director-General by the United States Mission for notification to the Cotton Textiles Committee.

¹Not party to the Cotton Textiles Arrangement.

Note No. 1

21 September 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 24 February 1964¹, 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 Philippines cottage industry and traditionally part of the special United States-Philippines cotton textile trade. The Governments also recognize that Philippines 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:

<u>Group A</u>	<u>Dozens</u>	<u>Square Yards Equivalent</u>
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	<u>1,020,000</u>	<u>8,164,080</u>
Total	<u>1,800,000</u>	<u>34,670,230</u>

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 per cent 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

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Chargé d'Affaires ad interim
of the Philippines.

¹See document COF/23.

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 per cent 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:

<u>Group B.</u>	<u>Dozens</u>	<u>Square Yards Equivalent</u>
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	1,000	177,970
51	10,000	177,970
60	8,500	441,660
61	1,550,000	7,362,500

<u>Group C.</u>	<u>Square Yards Equivalent</u>
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 per cent, and the limit for Group C may be exceeded by not more than 10 per cent. Within the applicable group limits, as it may be adjusted under this provision, specific limits may be exceeded by not more than 5 per cent.

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., a 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 aggregate, 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 per cent of the aggregate limit or 5 per cent 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 per cent 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 sub-paragraph (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 per cent of the corresponding level for the preceding year, the latter level not to include any adjustment under paragraphs 6 or 7.

9. (a) Within the group limit for the B and C groups 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.

(b) In the event the Government of the Philippines desires to permit exports during any agreement year of more than the level of the consultation limit in any category in Group B or in Group C not having a specific limit, the Government of the Philippines shall request consultation 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 B not having a specific limit shall be 350,000 square yards equivalent, and for each category in Group C not having a specific limit it shall be 500,000 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 the Philippines with information on the condition of the United States market in the category in question. Until agreement is reached, the Government of the Philippines shall continue to limit exports in that category for that agreement year to the consultation limit.

(c) In the event concentration of exports from the Philippines to the United States of apparel items made of a particular fabric not of United States origin causes or threatens to cause market disruption in the United States, the Government of the United States of America may call for consultations with the Government of the Republic of the Philippines in order to reach a mutually satisfactory solution to the problem. The Government of the Philippines shall agree to enter into such consultations, and, during the course thereof, shall limit its exports of the item in question to an annual level of 105 per cent of its exports of that item during the 12-month period immediately preceding the month in which consultations are requested.

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

11. Each Government agrees to supply promptly any available statistical data requested by the other Government. In the implementation of this Agreement, the system of categories and the factors for conversion into square yards equivalent set forth in the Annex hereto shall apply. In any situation where the determination of an article to be a cotton textile would be affected by whether a weight or value criterion is used, the chief value criterion applied by the Government of the United States of America shall apply.

12. For the duration of this Agreement, the Government of the United States of America shall not limit the importation of cotton textiles from the Philippines to levels lower than those provided in this Agreement.

13. The Governments agree to consult on any question arising in the implementation of this Agreement.

14. The Governments agree that this Agreement, while governing trade in cotton textiles; ~~does not prejudice any interpretations~~ by either Government of the Agreement between the United States of America and the Republic of the Philippines concerning Trade and Related Matters signed at Washington on 6 September 1955.

15. This Agreement shall enter into force on 1 January 1968, and continue in force through 31 December 1970, provided that either Government may propose revisions in the terms of the Agreement no later than 90 days prior to the beginning of a new 12-month period. Either Government may terminate this Agreement effective at the end of calendar years 1968 or 1969 by written notice to the other Government given at least 90 days prior to the end of either calendar year; provided that such termination shall not operate to prejudice the ability of the Philippines to export cotton textiles to the United States in amounts preserving its proportionate share of the United States market as represented by the level specified in this Agreement for the calendar year in which the Agreement is terminated.

16. 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.

If the foregoing proposal is acceptable to the Government of the Republic of the Philippines, my Government will consider this note and your affirmative reply, as constituting an agreement between our two Governments on the matter.

Accept, Sir, the renewed assurance of my high consideration.

For the Secretary of State:

Anthony S.M. Solomon

Annex A

Category	Description	Unit	Conversion Factor
1	Yarn, carded, singles	lb.	4.6
2	Yarn, carded, plied	lb.	4.6
3	Yarn, combed, singles	lb.	4.6
4	Yarn, combed, plied	lb.	4.6
5	Gingham, carded	Sq.yd.	1.0
6	Gingham, combed	Sq.yd.	1.0
7	Velveteen	Sq.yd.	1.0
8	Corjuroy	Sq.yd.	1.0
9	Sheeting, carded	Sq.yd.	1.0
10	Sheeting, combed	Sq.yd.	1.0
11	Lawn, carded	Sq.yd.	1.0
12	Lawn, combed	Sq.yd.	1.0
13	Voile, carded	Sq.yd.	1.0
14	Voile, combed	Sq.yd.	1.0
15	Poplin and broadcloth, carded	Sq.yd.	1.0
16	Poplin and broadcloth, combed	Sq.yd.	1.0
17	Typewriter ribbon cloth	Sq.yd.	1.0
18	Print cloth, shirting type, 80 x 80, type, carded	Sq.yd.	1.0
19	Print cloth, shirting type, other than 80 x 80 type, carded	Sq.yd.	1.0
20	Shirting, Jacquard or dobby, carded	Sq.yd.	1.0
21	Shirting, Jacquard or dobby, combed	Sq.yd.	1.0
22	Twill and sateen, carded	Sq.yd.	1.0
23	Twill and sateen, combed	Sq.yd.	1.0
24	Woven fabric, n.e.s., yarn dyed, carded	Sq.yd.	1.0
25	Woven fabric, n.e.s., yarn dyed, combed	Sq.yd.	1.0
26	Woven fabric, other, carded	Sq.yd.	1.0
27	Woven fabric, other, combed	Sq.yd.	1.0
28	Pillowcases, not ornamented, carded	No.	1.084
29	Pillowcases, not ornamented, combed	No.	1.084
30	Dish towels	No.	.348
31	Other towels	No.	.348
32	Handkerchiefs, whether or not in the piece	Doz.	1.66
33	Table damask and manufactures	lb.	3.17
34	Sheets, carded	No.	6.2

Category	Description	Unit	Conversion Factor
35	Sheets, combed	No.	6.2
36	Bedspreads and quilts	No.	6.9
37	Braided and woven elastics	lb.	4.6
38	Fishing nets and fish netting	lb.	4.6
39	Gloves and mittens	Doz. Prs.	3.527
40	Hose and half hose	Doz. Prs.	4.6
41	T-shirts, all white, knit, men's and boys'	Doz.	7.234
42	T-shirts, other, knit	Doz.	7.234
43	Shirts, knit, other than T-shirts and sweatshirts	Doz.	7.234
44	Sweaters and cardigans	Doz.	36.8
45	Shirts, dress, not knit, men's and boys'	Doz.	22.186
46	Shirts, sport, not knit, men's and boys'	Doz.	24.457
47	Shirts, work, not knit, men's and boys'	Doz.	22.186
48	Raincoats, 3/4 length or longer, not knit	Doz.	50.0
49	Other coats, not knit	Doz.	32.5
50	Trousers, slacks and shorts (outer), not knit, men's and boys'	Doz.	17.797
51	Trousers, slacks and shorts (outer), not knit, women's, girls' and infants'	Doz.	17.797
52	Blouses, not knit	Doz.	14.53
53	Dresses (including uniforms), not knit	Doz.	45.3
54	Playsuits, washsuits, sunsuits, creepers, rompers, etc., not knit, n.e.s.	Doz.	25.0
55	Dressing gowns, including bathrobes, beach robes, housecoats and dusters, not knit	Doz.	51.0
56	Undershirts, knit, men's and boys'	Doz.	9.2
57	Briefs and undershorts, men's and boys'	Doz.	11.25
58	Drawers, shorts and briefs, knit, n.e.s.	Doz.	5.0
59	All other underwear, not knit	Doz.	16.0
60	Pyjamas and other nightwear	Doz.	51.96
61	Brassieres and other body-supporting garments	Doz.	4.75
62	Wearing apparel, knit, n.e.s.	lb.	4.6
63	Wearing apparel, not knit, n.e.s.	lb.	4.6
64	All other cotton textiles	lb.	4.6

Note No. 2

21 September 1967

Excellency,

I have the honour to refer to your note of 21 September 1967 proposing an Agreement between our two Governments concerning exports of cotton textiles from the Philippines to the United States which reads as follows:

(See Note No. 1)

I have the honour to confirm on behalf of the Government of the Republic of the Philippines the proposals set forth in your note. Accordingly your note and this reply shall constitute an agreement between our two Governments.

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

Jose F. Imperial
Chargé d'Affaires ad interim

His Excellency Dean Rusk,
Secretary of State
Washington, D.C.

Note No. 3

21 September, 1967

Sir,

I refer to recent discussions in Washington relating to the Bilateral Agreement on Trade in Cotton Textiles between the United States of America and the Philippines effected by an exchange of notes at Washington on 24 February 1964.

Because of the special circumstances mentioned in these discussions, the Government of the United States of America proposes that during calendar year 1967:

1. To offset shipments in excess of the limits applicable for exports in the non-traditional categories during calendar year 1966, exports of cotton textiles in non-traditional categories from the Philippines to the United States shall be limited to a total of 16,989,666 square yards, 953,522 yards below the level provided for in paragraphs 3 and 7 of the Agreement of 24 February 1964. In so far as possible, this reduction shall be made in exports in categories 9, 22, 26 and 62.

2. Within the 1967 limit for non-traditional categories provided for in paragraph 1 above, the exports of cotton textiles from the Philippines to the United States shall not exceed the following amounts in the following categories:

Category

9	1,000,000 square yards
22	1,000,000 square yards
26	1,000,000 square yards (of which not more than 300,000 square yards may be in duck)
61	1,550,000 dozen
62	100,000 dozen

If the foregoing proposal is acceptable to the Government of the Republic of the Philippines, my Government will consider this note and your affirmative reply as constituting an agreement between our two Governments further amending the cotton textile agreement of 24 February 1964, as amended.

Accept, Sir, the renewed assurances of my high consideration.

For the Secretary of State:

Anthony M.S. Solomon

Dr. Jose F. Imperial
Chargé d'Affaires ad interim
of the Philippines

Note No. 4

21 September 1967

Excellency,

I have the honour to refer to your note of 21 September 1967 relating to the Bilateral Agreement on Trade in Cotton Textiles between the United States of America and the Philippines of 24 February 1964 which reads as follows:

(See Note No. 3)

I have the honour to confirm on behalf of the Government of the Republic of the Philippines the proposals set forth in your note.

Accordingly your note and this reply shall constitute an agreement between our two Governments further amending the Cotton Textile Agreement of 24 February 1964, as amended.

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

Jose F. Imperial
Chargé d'Affaires ad interim

His Excellency Dean Rusk,
Secretary of State,
Washington, D.C.