

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

COT/75/Add.1

9 November 1967

Special Distribution

---

Original English

ARRANGEMENT REGARDING INTERNATIONAL TRADE  
IN COTTON TEXTILES

Bilateral Agreement between the Governments of the  
United States and Israel

Addendum

Attached is the text of the notes exchanged between the Government of the United States and the Government of Israel effecting a new 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.

Note No. 1

13 July 1967

Excellency:

I refer to the decision of the Cotton Textiles Committee of the General Agreement on Tariffs and Trade approving a Protocol<sup>1</sup> to extend through 30 September 1970, the Long-Term Arrangement Regarding International Trade in Cotton Textiles done in Geneva on 9 February 1962 (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 27 January 1967.<sup>2</sup> 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 1 October 1967.

1. The term of this agreement shall be from 1 October 1966 through 30 September 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 twelve-month period beginning 1 October 1966, the aggregate limit shall be 23 million square yards equivalent.
3. Within the aggregate limit, the following group limits shall apply for the first agreement year:

In million square yards  
equivalent

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:

<sup>1</sup>Done at Geneva 1 May 1967

<sup>2</sup>See document COT/75

His Excellency,  
Avraham Harman,  
Ambassador of Israel.

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

		<u>In square yards equivalent</u>
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 per cent, and the limit for Group II may be exceeded by not more than 5 per cent. Within the applicable group limit, as it may be adjusted under this provision, specific limits may be exceeded by not more than 5 per cent.

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 105 per cent 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 twelve-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 per cent of the corresponding levels for the preceding twelve-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 per cent 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, 3 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 over-shipments during the twelve-month period beginning 1 October 1965:

Category	Second Agreement Year	Third Agreement Year	Fourth Agreement Year
	(in square yards equivalent)		
3	780,000 (169,565 lb.)	780,000 (169,565 lb.)	780,000 (169,565 lb.)
22	160,000	160,000	160,000
26	240,000	240,000	240,000
(duck)			
62	50,000	50,000	50,000
Total	1,230,000	1,230,000	1,230,000

16. (a) For any agreement year immediately following a year of a shortfall (i.e., a year in which exports from Israel to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Israel 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 limits 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 categories subject to specific limits the carryover shall be used in the same category in which the shortfall occurred, and shall not exceed 5 per cent of the specific limit in the year of the shortfall, 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 5, and shall be subject to the provisions of paragraph 6 of the agreement.

(b) The limits referred to in sub-paragraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 5.

(c) The carryover shall be in addition to the exports permitted in paragraph 5. The carryover shall not be considered in calculating growth under paragraph 8.

17. Either Government may terminate this agreement, effective at the end of an agreement year, by written notice to the other Government to be given at least ninety days prior to the end of such agreement year. Either Government may at any time propose revisions in the terms of the agreement.

If the foregoing conforms with the understanding of your Government, this note and your Excellency's note of acceptance on behalf of the Government of Israel shall constitute an agreement between our Governments.

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

For the Secretary of State:

(signed) Edward R. Fried

Attachment Annex A

ANNEX A

Category number	Description	Unit	Conversion factor to sq.yds.
1	Cotton yarn, carded, singles	lb.	4.6
2	Cotton yarn, carded, plied	lb.	4.6
3	Cotton yarn, combed, singles	lb.	4.6
4	Cotton yarn, combed, plied	lb.	4.6
5	Gingham, carded	sq.yds.	Not required
6	Gingham, combed	sq.yds.	Not required
7	Velveteen	sq.yds.	Not required
8	Corduroy	sq.yds.	Not required
9	Sheeting, carded	sq.yds.	Not required
10	Sheeting, combed	sq.yds.	Not required
11	Lawns, carded	sq.yds.	Not required
12	Lawns, combed	sq.yds.	Not required
13	Voile, carded	sq.yds.	Not required
14	Voile, combed	sq.yds.	Not required
15	Poplin and broadcloth, carded	sq.yds.	Not required
16	Poplin and broadcloth, combed	sq.yds.	Not required
17	Typewriter ribbon cloth	sq.yds.	Not required
18	Printcloth, shirting type, 80 x 80 type carded	sq.yds.	Not required
19	Printcloth, shirting type, other than 80 x 80 type, carded	sq.yds.	Not required
20	Shirting, Jacquard or dobby, carded	sq.yds.	Not required
21	Shirting, Jacquard or dobby, combed	sq.yds.	Not required
22	Twill and sateen, carded	sq.yds.	Not required
23	Twill and sateen, combed	sq.yds.	Not required
24	Woven fabrics, n.e.s. yarn dyed, carded	sq.yds.	Not required
25	Woven fabrics, n.e.s. yarn dyed, combed	sq.yds.	Not required
26	Woven fabrics, n.e.s., other, carded	sq.yds.	Not required
27	Woven fabrics, n.e.s., other, combed	sq.yds.	Not required
28	Pillowcases, not ornamented, carded	numbers	1.084
29	Pillowcases, not ornamented, combed	numbers	1.084
30	Towels, dish	numbers	0.348
31	Towels, other	numbers	0.348
32	Handkerchiefs, whether or not in the piece	dozen	1.66
33	Table damask and manufactures	lb.	3.17
34	Sheets, carded	numbers	6.2
35	Sheets, combed	numbers	6.2

Category number	Description	Unit	Conversion Factor to sq.yds.
36	Bedspreads and quilts	numbers	6.9
37	Braided and woven elastic	lb.	4.6
38	Fishing nets and fish netting	lb.	4.6
39	Gloves and mittens	dozen	3.527
40	Hose and half hose	doz.prs.	4.6
41	T-shirts, all white, knit men's and boys'	dozen	7.234
42	T-shirts, other knit	dozen	7.234
43	Shirts, knit, other than T-shirts and sweatshirts	dozen	7.234
44	Sweaters and cardigans	dozen	36.8
45	Shirts, dress, not knit, men's and boys'	dozen	22.186
46	Shirts, sport, not knit, men's and boys'	dozen	24.457
47	Shirts, work, not knit, men's and boys'	dozen	22.186
48	Raincoats, 3/4 length or longer, not knit	dozen	50.0
49	Coats, other, not knit	dozen	32.5
50	Trousers, slacks, and shorts (outer) not knit, men's and boys'	dozen	17.797
51	Trousers, slacks and shorts (outer) not knit, women's, girls' and infants	dozen	17.797
52	Blouses not knit	dozen	14.53
53	Dresses, (including uniforms) not knit	dozen	45.3
54	Playsuits, sunsuits, washsuits, creepers, rompers, etc., not knit, n.e.s.	dozen	25.0
55	Dressing gowns, including bathrobes and beachrobes, lounging gowns, housecoats, and dusters, not knit	dozen	51.0
56	Under-shirts, knit, men's and boys'	dozen	9.2
57	Briefs and undershorts, men's and boys'	dozen	11.25
58	Drawers, shorts and briefs, knit, n.e.s.	dozen	5.0
59	All other underwear, not knit	dozen	16.0
60	Pyjamas and other nightwear	dozen	51.96
61	Brassieres and other body supporting garments	dozen	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

Embassy of Israel  
Washington, D.C.

13 July 1967

Excellency,

I have the honour to acknowledge receipt of your note of 13 July 1967, referring to recent discussions between representatives of our two Governments concerning exports of cotton textiles from Israel to the United States, effected by an exchange of notes dated 27 January 1967, and proposing that this agreement be replaced by a new agreement.

I have the honour to confirm on behalf of my Government, that the understandings referred to in your note are the same as the understandings of my Government, that the text of the new agreement as proposed in your Excellency's note is acceptable to my Government, and to concur in the proposal that your Excellency's note and the present note shall constitute an agreement between our two Governments.

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

(signed) Avraham Harman  
Ambassador

The Honorable  
Secretary of State,  
United States Department of State,  
Washington, D.C.