

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement between the United States and Spain

Attached is the text of the note exchanged between the Government of the United States and the Government of Spain constituting 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 October 1967

Excellency,

I have the honour to refer to the decision of the Cotton Textiles Committee of the General Agreement on Tariffs and Trade approving a Protocol 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 Spain to the United States effected by an exchange of notes dated 16 July 1963, as amended.¹ I confirm, on behalf of my Government, the understanding that the 1963 Agreement, as amended, is replaced as of 1 January 1967 by this new Agreement. The new Agreement is based on our understanding that the above-mentioned Protocol has entered into force for our two Governments.

1. The term of this Agreement shall be from 1 January 1967 through 31 December 1970. During the term of this Agreement, the Government of Spain shall limit annual exports of cotton textiles from Spain to the United States to aggregate, group and specific limits at the levels specified in the following paragraphs. It is noted that where applicable, these levels reflect a special adjustment for the first Agreement year. The levels set forth in paragraphs 2, 3 and 4 for the second Agreement year are 5 per cent higher than the limits for the preceding year without this special adjustment; thus the growth factor provided for in paragraph 7 has already been applied in arriving at these levels for the second Agreement year.

2. For the first Agreement year, constituting the twelve-month period beginning 1 January 1967, the aggregate limit for all cotton textiles shall be 37,911,000 square yards equivalent. For the second Agreement year, the aggregate limit shall be 40,341,000 square yards equivalent.

H.E. The Marquis de Merry del Val,
Ambassador of Spain.

¹See documents COT/3 and addenda 1 to 4.

3. Within this aggregate limit, the following group limits shall apply:

	<u>First Agreement year</u>	<u>Second Agreement year</u>
	(in square yards equivalent)	
<u>Groups</u>		
A. Categories 5-27 and category 64	21,806,000	23,100,000
B. Categories 28-63	6,932,000	7,350,000

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

<u>Group A</u>		
<u>Categories</u>	<u>First Agreement year</u>	<u>Second Agreement year</u>
5/6	2,205,000 sq.yds.	2,315,250 sq.yds.
9	12,270,000 sq.yds.	13,125,000 sq.yds.
15/16	1,500,000 sq.yds.	1,575,000 sq.yds.
18/19	6,904,000 sq.yds.	7,350,000 sq.yds.
22/23	4,257,000 sq.yds.	4,725,000 sq.yds.
24	1,000,500 sq.yds.	1,092,000 sq.yds.
26(1) (duck)	1,586,000 sq.yds.	1,680,000 sq.yds.
26(2) (other than duck)	8,305,000 sq.yds.	8,925,000 sq.yds.
27	846,500 sq.yds.	1,050,000 sq.yds.
64(1) Chenille yarn (TSUSA No. 303.1000)	500,000 lbs.	525,000 lbs.
64(2) Other than Chenille yarn	330,750 lbs. (of which not more than 120,000 lbs. shall be of lace)	347,300 lbs. (of which not more than 126,000 lbs. shall be of lace)

<u>Group B</u>		
<u>Categories</u>	<u>First Agreement year</u>	<u>Second Agreement year</u>
36	120,000 pcs.	131,250 pcs.
41/43	161,000 doz.	169,050 doz.
44	20,000 doz.	21,000 doz.
48	10,000 doz.	10,500 doz.
53	20,000 doz.	21,000 doz.
57/58	1,982,000 sq.yds.	2,100,000 sq.yds.
62	331,000 lbs.	347,550 lbs.

5. Within the aggregate limit, the limit for Group A may be exceeded by not more than 10 per cent and the limit for Group B 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) Exports of yarn in Categories 1, 2, 3 and 4 may equal the square yard equivalent of the amount by which the aggregate limit exceeds total exports in Group A and Group B, but in the event of undue concentration in exports from Spain to the United States of cotton textiles in any yarn category, the Government of the United States of America may request consultation with the Government of Spain to determine an appropriate course of action. Until a mutually satisfactory solution is reached, the Government of Spain shall limit exports in the category in question from Spain to the United States 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 of such products from Spain to the United States during the most recent twelve-month period preceding the request for consultation for which statistics are available to the two Governments.
- (b) Within the applicable group limits for each group, 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, but, except to the extent our two Governments mutually decide that they may be exceeded, consultation limits shall apply for categories in Groups A and B that do not have specific limits. For the first Agreement year, the consultation limit shall be 450,000 square yards per category in Group A and 385,875 square yards equivalent per category in Group B.
7. In succeeding twelve-month periods for which any limitation is in force under this Agreement, the level of exports permitted under such limitation shall be increased by 5 per cent of the corresponding level for the preceding twelve-month period, the latter level not to include any adjustments under paragraphs 5 or 15.
8. The Government of Spain shall use its best efforts to space exports from Spain to the United States within each category evenly throughout the Agreement year, taking into consideration normal seasonal factors.
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 Spain with data on monthly imports of cotton textiles from Spain. The Government of Spain 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 the annex 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 Spain 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 procedure or operation.

13. If the Government of Spain considers that, as a result of limitations specified in this Agreement, Spain is being placed in an inequitable position vis-à-vis a third country, the Government of Spain may request consultation with the Government of the United States of America with the view to taking appropriate remedial action such as a 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 Spain to the United States under the procedures of Article 3 of the Long-Term Arrangement. The applicability of the Long-Term Arrangement to trade in cotton textiles between Spain and the United States shall otherwise be unaffected by this Agreement.

15. (a) For any Agreement year subsequent to the first Agreement year and immediately following a year of a shortfall (i.e., a year in which cotton textile exports from Spain to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Spain 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 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 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 in 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.

16. The United States will, dependent on market conditions in the United States, consider favourably any request made by the Government of Spain for permission to allow up to 1 million pounds of yarn to be exported from Spain to the United States during the second half of 1967 without being counted against the limitations of the Agreement. The United States Government will inform the Government of Spain of the result of such consideration by 1 July 1967 or within thirty days after the date of request, whichever is later. The United States Government will also consider further annual requests by the Government of Spain for permission to allow specified quantities of yarn to be exported from Spain to the United States after 1967 without being counted against the limitations in the Agreement.

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 this Agreement.

If the above conforms with the understanding of your Government, this note and Your Excellency's note of confirmation on behalf of the Government of Spain shall constitute an Agreement between our Governments.

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

For the Secretary of State

(signed) Anthony 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	Corduroy	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
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

Category	Description	Unit	Conversion factor
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 uniform), 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	Pajamas 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

Excellency,

I have the honour to acknowledge receipt of your Note which reads as follows:

See Note No. 1

I have the honour of confirming that the Government of Spain agrees to the proposal set forth in your Note and that Your Excellency's Note and this reply, constitute an Agreement between our Governments.

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

Washington D.C., 13 October 1967

The Marquis de Merry del Val
Ambassador of Spain

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