

# 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 Czechoslovakia

The following communication has been received by the Director-General from the United States Mission for notification to the Cotton Textiles Committee.

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I am enclosing the text of a note which, together with the corresponding United States note, constitutes a bilateral cotton textile agreement between Czechoslovakia and the United States. (The enclosed note is the Czechoslovak reply, which quotes the United States note verbatim.)

This Article 4 bilateral supersedes an action taken by the United States under Article 3 which limited imports in Category 26 (other than duck) to 320,000 square yards for the twelve months beginning 15 April 1969. The Article 3 action was not reported previously to the Cotton Textiles Committee because of the expectation that it would be superseded shortly by the Article 4 agreement.

29 August 1969

Excellency:

I have the honour to acknowledge the receipt of your note of 29 August 1969 relating to exports of cotton textiles from the Czechoslovak Socialist Republic to the United States of America which reads as follows:

"I have the honour to refer to the Long-Term Arrangement Regarding International Trade in Cotton Textiles, hereinafter referred to as the LTA, done in Geneva on 9 February 1962, and to the Protocol extending the LTA through 30 September 1970.

I also refer to recent discussions between the Government of the United States of America and the Government of the Czechoslovak Socialist Republic, as the result of which I have the honour to propose the following agreement, pursuant to the provisions of Article 4 of the LTA as extended by the Protocol, relating to trade in cotton textiles between Czechoslovakia and the United States:

1. During the term of this agreement, which shall be from 1 May 1969 to 30 April 1971 inclusive, the Government of the Czechoslovak Socialist Republic shall limit annual exports of cotton textiles from Czechoslovakia to the United States to aggregate and specific limits specified in the following paragraphs.
2. For the first agreement year, constituting the twelve-month period beginning 1 May 1969, the aggregate limit shall be 2.5 million square yards equivalent.
3. Within this aggregate limit, exports in Category 26 (other than duck) shall be limited to 1 million square yards, except as provided in paragraphs 4, 5 and 7.
4. In the second and any succeeding twelve-month period that any limitation is applicable under this agreement, the level of permitted exports shall be increased by 5 per cent over the corresponding level for the preceding twelve-month period. The corresponding level for the preceding twelve-month period shall not include any adjustments under paragraphs 5 or 7.
5. Within the aggregate limit, the limitation on Category 26 (other than duck) may be exceeded by 5 per cent.
6. The Government of the Czechoslovak Socialist Republic and the Government of the United States agree to consult on any questions concerning trade in cotton textiles between their two countries, including levels of exports in categories not given specific limits and in made-up goods or apparel made

His Excellency Mr. William P. Rogers,  
Secretary of State of the United States of America.

from a particular fabric. Except by mutual agreement of the two Governments or as provided in paragraph 3, exports in any one category during the first agreement year shall not exceed 500,000 square yards equivalent in Categories 1-27 or 350,000 square yards equivalent in Categories 28-64.

7. (a) For any agreement year subsequent to the first, and immediately following a year of shortfall (i.e., a year in which cotton textile exports from Czechoslovakia to the United States were below the aggregate limit and any specific limit applicable to the category concerned), exports may be permitted 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 specific limit and shall not exceed 5 per cent of the aggregate limit in the year of the shortfall, and
    - (ii) in case of shortfalls in any category 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 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.
  - (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.
8. Cotton textile exports from Czechoslovakia to the United States within each category shall be spaced as evenly as practicable throughout the agreement year, taking into consideration normal seasonal factors.
  9. The Government of the United States shall promptly supply the Government of the Czechoslovak Socialist Republic with data on monthly imports of cotton textiles from Czechoslovakia; and the Government of the Czechoslovak Socialist Republic shall promptly supply the Government of the United States with data on monthly exports of cotton textiles to the United States. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government.
  10. In implementing this agreement, the system of categories and the rates of conversion into square yards 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 LTA or the criterion provided for in paragraph 2 of Annex E of the LTA 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. For the duration of this agreement, the Government of the United States of America shall not invoke the procedures of Articles 3 and 6(c) of the LTA to request restraint on the export of cotton textiles from Czechoslovakia to the United States.
12. If the Government of the Czechoslovak Socialist Republic considers that, as a result of limitations specified in this agreement, Czechoslovakia is being placed in an inequitable position vis-à-vis a third country, the Government of the Czechoslovak Socialist Republic may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as consent of the Government of the United States to reasonable modification of this agreement.
13. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this agreement including difference in points of procedures or operation.
14. This agreement shall continue in force through 30 April 1971, except that either Government may terminate it effective at the end of any agreement year by written notice to the other Government to be given at least ninety days prior to such termination date. Either Government may at any time propose revisions in this agreement.
15. Each Government shall take appropriate measures of export control or import control, as applicable, to implement the limitation provisions of the agreement.

I have the honour to propose that this note and Your Excellency's note of confirmation on behalf of the Government of the Czechoslovak Socialist Republic shall constitute an agreement between our two Governments."

I confirm that this is also the understanding of the Government of the Czechoslovak Socialist Republic. It is therefore agreed that your note and this note of confirmation shall constitute an agreement between our two Governments.

Please accept, Excellency, the renewed assurances of my highest consideration.

(Signed) Dr. Karel Duda

Ambassador of the Czechoslovak  
Socialist Republic