

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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RESTRICTED

COT/149

5 June 1970

Special Distribution

## ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

### Bilateral Agreement between the United States and Pakistan

Attached is the text of the notes exchanged between the Government of the United States and the Government of Pakistan, constituting a new bilateral agreement concluded between the two Governments concerning trade in cotton textiles. Also attached is the text of the letters exchanged concerning arrangements to be made with regard to certain exports of cotton textiles.

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

Note No. 1

Department of State,  
Washington.

6 May 1970

Excellency:

I have the honour to refer to recent discussions held in Washington between representatives of our two Governments concerning exports of cotton textiles from Pakistan to the United States. As a result of these discussions, I propose the following agreement relating to such exports:

1. The term of this agreement shall be from 1 July 1970 through 30 June 1974. During the term of this agreement, annual exports of cotton textiles from Pakistan to the United States shall be limited 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 July 1970, the aggregate limit shall be 85 million square yards equivalent.
3. Within the aggregate limit, the following group limits (in square yard equivalents) shall apply for the first agreement year:

Group I (Categories 1-27)	75 million
Group II (Categories 28-64)	10 million

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

<u>Group I</u>	<u>(In sq. yds. equivalent)</u>
Sheeting, carded or combed (Categories 9 and 10)	36,000,000

His Excellency Agha Hilaly,  
Ambassador of Pakistan.

<u>Group I</u>	<u>(In sq. yds. equivalent)</u>	
Poplin and broadcloth, carded or combed (Categories 15 and 16)		3,000,000
Print cloth (Categories 18, 19 and parts of 26) <sup>1</sup>		16,000,000
Twill and sateen, carded or combed (Categories 22 and 23)		4,000,000
Barkcloth (parts of Category 26) <sup>1</sup>		6,000,000
Duck (parts of Category 26)		8,500,000
Other <sup>2</sup>		1,500,000

<u>Group II</u>	<u>Units</u>	<u>(In sq. yds. equivalent)</u>
Shop towels (part of Category 31)	4,816,000	1,676,000
T-shirts (Categories 41 and 42)	4,011,000	2,973,000
Other <sup>2</sup>		5,351,000

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. 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 14.
7. In the event of undue concentration in exports from Pakistan to the United States of cotton textiles in any category not given a specific limit, the

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<sup>1</sup>Print cloth and barkcloth are further described in Annex A.

<sup>2</sup>These "other" categories are not subject to specific limits. Hence, within the aggregate and the applicable group limits, as they may be adjusted under paragraph 5, the square yard equivalent of shortfalls in exports in categories with specific limits may be used in these "other" categories subject to the provisions of paragraph 7.

Government of the United States of America may request consultation with the Government of Pakistan to determine an appropriate course of action. Until a mutually satisfactory solution is reached, exports in the category in question from Pakistan to the United States starting with the twelve-month period beginning on the date of the request for consultation shall be limited. The limit shall be 105 per cent of the exports of such products from Pakistan to the United States during the most recent twelve-month period preceding the request for consultation and for which statistics are available to our two Governments.

8. 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.
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 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.
10. In the implementation of this agreement, the system of categories and the rates of conversion into square yard equivalents 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 the criterion provided for in Article 9 of the Long-Term Arrangement<sup>1</sup> 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 Pakistan 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 Pakistan considers that as a result of limitations specified in this agreement, or its term, Pakistan is being placed in an inequitable position vis-a-vis a third country, the Government of Pakistan 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.

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<sup>1</sup>Long-Term Arrangement Regarding International Trade in Cotton Textiles, done in Geneva on 9 February 1962, extended by Protocol through 30 September 1970. References to the Long-Term Arrangement include the Long-Term Arrangement as it may be further extended.

14. (a) For any agreement year immediately following a year of a shortfall under this agreement or the agreement effected by an exchange of notes dated 3 July 1967 (i.e. a year in which cotton textile exports from Pakistan to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Pakistan 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 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 5, and shall not be used to exceed the limits in paragraph 7 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.
15. 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 the procedures of Article 3 of the Long-Term Arrangement. The applicability of the Long-Term Arrangement to trade in cotton textiles between Pakistan and the United States shall otherwise be unaffected by this agreement.
16. The Government of the United States of America may assist the Government of Pakistan in implementing the limitation provisions of this agreement by controlling the imports of cotton textiles covered by the agreement until agreement is reached that Pakistan will control these exports in accordance with the limitations of the agreement.
17. The two Governments agree to consult at a mutually acceptable time during each agreement year to review this agreement and whenever there is any question arising in the implementation of this agreement.

18. 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 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 our Governments.

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

For the Secretary of State

ANNEX A

I. Print cloth

Print cloth is a term applied to a plain woven fabric made of singles uncombed yarns. The fabric is not napped, not fancy and not figured. The difference in the yarns per inch of the warp and of the filling does not usually exceed 15. The average yarn number ranges between 27 and 44 per inch.

Print cloth falls under Category 18 "Print cloth, shirting type, 80 x 80 type, carded"; Category 19 "Print cloth, shirting type, other than 80 x 80 type, carded"; and under the TSUSA numbers of Category 26 "Woven fabric, not elsewhere specified, other, carded" listed below:

TSUSA NUMBERS

- 320 xx 34 Print cloth other than print cloth type shirting, not combed, wholly of cotton, not fancy or figured, not bleached or coloured.
- 321 xx 34 Print cloth other than print cloth type shirting, not combed, wholly of cotton, not fancy or figured, bleached but not coloured.
- 322 xx 34 Print cloth other than print cloth type shirting, not combed, wholly of cotton, not fancy or figured, coloured, whether or not bleached.
- 326 xx 34 Print cloth other than print cloth type shirting, not combed, chief value, but not wholly of cotton, containing silk or man-made or both, not fancy or figured, not bleached or coloured.
- 327 xx 34 Print cloth other than print cloth type shirting, not combed, chief value, but not wholly of cotton, containing silk or man-made fibres, or both, not fancy or figured, bleached but not coloured.
- 328 xx 34 Print cloth other than print cloth type shirting, not combed, chief value, but not wholly of cotton, containing silk or man-made fibres, or both, not fancy or figured, coloured, whether or not bleached.

II. Barkcloth

Barkcloth is a term applied to a fabric most commonly used in the drapery and upholstery fields. The fabric is often made with heavy filling yarns and fine warp yarns with two or three times as many warp threads as filling threads per inch, or with heavy warp and filling yarns with a fairly even number of warp and filling threads per inch. The weave is of an irregular design with long warp and filling floats resulting in a rough or bark-like fabric surface. Barkcloth is most commonly woven with six harnesses but should it be advantageous to do so, could easily be produced with eight or more harnesses.

Barkcloth-type fabrics are those fabrics classified as "Woven fabrics, not elsewhere specified, other, carded" and which fall under the numbers of the Tariff Schedule of the United States (TSUSA) listed below. For administrative purposes, barkcloth-type fabrics shall be considered as including all fabrics falling under these numbers. Schedule 3 of the TSUSA, including revisions through supplement No. 4, which gives the complete definitions applicable to these numbers is attached. All yarn counts, represented by the fourth and fifth digits ("xx") of the following numbers and specifically described in Schedule 3 of the TSUSA, are included in the restraint action.

TSUSA NUMBERS

320 xx 88  
321 xx 88  
322 xx 88  
323 xx 88  
324 xx 88  
325 xx 88  
326 xx 88  
327 xx 88  
328 xx 88  
329 xx 88  
330 xx 88  
331 xx 88  
320 xx 92  
321 xx 92  
322 xx 92  
323 xx 92  
324 xx 92  
325 xx 92  
326 xx 92  
327 xx 92  
328 xx 92  
329 xx 92  
330 xx 92  
331 xx 92

Should the Government of Pakistan have further questions concerning the fabrics covered herein, the United States Government would be pleased to consult on this problem.

ANNEX B

Category No.	Description	Unit	Conversion factor to sq. yds.
1	Cotton yarn, carded, singles	lbs.	4.6
2	Cotton yarn, carded, plied	lbs.	4.6
3	Cotton yarn, combed, singles	lbs.	4.6
4	Cotton yarn, combed, plied	lbs.	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	Print cloth, shirting type, 80 x 80 type, carded	sq. yds.	Not required
19	Print cloth, 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 fabric, n.e.s., yarn dyed, carded	sq. yds.	Not required
25	Woven fabric, n.e.s., yarn dyed, combed	sq. yds.	Not required
26	Woven fabric, n.e.s., other, carded	sq. yds.	Not required
27	Woven fabric, n.e.s., other, combed	sq. yds.	Not required
28	Pillow cases, not ornamented, carded	numbers	1.084
29	Pillow cases, not ornamented, combed	numbers	1.084
30	Towels, dish	numbers	.348
31	Towels, other	numbers	.348
32	Handkerchiefs, whether or not in the piece	dozen	1.66
33	Table damask and manufactures	lbs.	3.17
34	Sheets, carded	numbers	6.2
35	Sheets, combed	numbers	6.2
36	Bedspreads and quilts	numbers	6.9
37	Braided and woven elastic	lbs.	4.6
38	Fishing nets and fish netting	lbs.	4.6
39	Gloves and mittens	dozen	3.527
40	Hose and half hose	dozen pairs	4.6

Category No.	Description	Unit	Conversion factor to sq. yds.
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	Undershirts, 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	51.95
61	Brassieres and other body supporting garments	dozen	4.75
62	Wearing apparel, knit, n.e.s.	lbs.	4.6
63	Wearing apparel, not knit, n.e.s.	lbs.	4.6
64	All other cotton textiles	lbs.	4.6

Note No. 2

No. 12(5) -ED/70

Embassy of Pakistan,  
2315 Massachusetts Avenue, N.W.  
Washington, D.C. 20008

6 May 1970

Dear Mr. Secretary,

I have the honour to acknowledge the receipt of your note of 6 May relating to exports of cotton textiles from Pakistan to the United States.

I confirm that the Government of Pakistan 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, Mr. Secretary, the renewed assurances of my highest consideration.

(Agha Hilaly)  
Ambassador

The Honourable William P. Rogers,  
Secretary,  
United States Department of State,  
Washington D.C.

Letter No. 1

Department of State,  
Washington, D.C. 20520

6 May 1970

Dear Mr. Ambassador,

Upon the exchange of notes constituting a new four-year bilateral agreement between the Governments of the United States and Pakistan concerning exports of cotton textiles from Pakistan to the United States the following measures will be taken by the Government of the United States, subject to other applicable laws and regulations governing the entry of goods into the United States.

All cotton textiles exported to the United States from Pakistan prior to 1 March 1970, in excess of any limit applicable under the agreement of 3 July 1967 will be permitted to be entered without being counted against such limit.

All cotton textiles exported to the United States during the period 1 March 1970 through 30 April 1970 will be permitted to be entered and will be charged first against the unused amounts in the applicable limits for the agreement year 1 July 1969 through 30 June 1970, and, if these have been exhausted, against the applicable limits for the new agreement year beginning 1 July 1970.

I would appreciate your confirmation that this arrangement is acceptable to your Government.

Sincerely yours,

Philip H. Trezise  
Assistant Secretary

His Excellency Agha Hilaly,  
Ambassador of Pakistan.

Letter No. 2

No. 12(5) -EU/70

Embassy of Pakistan,  
2315 Massachusetts Avenue, N.W.  
Washington, D.C. 20008

6 May 1970

Dear Mr. Assistant Secretary,

I have the honour to refer to your letter of 6 May 1970 concerning arrangements to be made with regard to certain exports of cotton textiles.

I confirm that the arrangements you propose in your letter are acceptable to my Government.

(Agha Hilaly) •  
Ambassador

The Honourable Philip H. Trezise,  
Assistant Secretary,  
United States Department of State,  
Washington D.C.