

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 Hungary¹

Attached is the text of the notes exchanged between the Governments of the United States and Hungary constituting a bilateral agreement concluded between the two Governments 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

Sir,

I have the honour to refer to the Long-Term Arrangement Regarding International Trade in Cotton Textiles (hereinafter referred to as the Long-Term Arrangement), done in Geneva on 9 February 1962, as extended by Protocol until 30 September 1973.

I also refer to recent discussions between our two Governments concerning the export of cotton textiles from Hungary to the United States. As a result of these discussions, I have the honour to propose the following agreement relating to trade in cotton textiles between Hungary and the United States:

1. The term of this agreement shall be from 1 August 1970 through 31 July 1975. During the term of this agreement, the Government of the Hungarian People's Republic shall limit annual exports of cotton textiles from Hungary to the United States to aggregate and specific limits at the levels specified in the following paragraphs.
2. For the first agreement year, constituting the twelve-month period beginning 1 August 1970, the aggregate limit shall be 4,250,000 square yards equivalent.
3. Within this aggregate limit, specific limits shall apply to each of the following categories. For the first agreement year the levels shall be as follows:

<u>Category</u>	<u>Quantity</u>
Category 5	1,100,000 square yards
Category 39	57,000 dozen pairs

4. Within the aggregate limit, specific limits may be exceeded by not more than 5 per cent.
5. Categories not given specific limits are subject to consultation levels and to the aggregate limit. In the event Hungary wishes to export in any category in excess of the applicable consultation level during any agreement year, the Government of the Hungarian People's Republic shall request consultations with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations. Until agreement on a different level of exports is reached, the Government of the Hungarian People's Republic shall limit its exports in the category in question to the consultation level. For the first agreement year, the consultation level

Mr. Péter Pulop,
Chargé d'Affaires ad interim
of the Hungarian People's Republic

for each category not given a specific limit shall be 500,000 square yards equivalent in categories 1-38 and category 64 and 350,000 square yards equivalent in categories 39-63.

6. 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, subject to the provisions of paragraph 5, or for the purpose described in paragraph 4.

7. In the second and any succeeding twelve-month period for which any limitation is in effect 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 paragraph 4 or 8.

8. (a) For any agreement year immediately following a year of shortfall (i.e., a year in which cotton textile exports from Hungary to the United States were below the aggregate limit and any specific applicable to the category concerned) the Government of the Hungarian People's Republic may permit exports to exceed these limits by carry-over in the following amounts and manner:

- (i) the carry-over shall not exceed the amount of shortfall in either the aggregate limit or any applicable specific limit, and shall not exceed 5 per cent of the aggregate limit applicable to the year of the shortfall;
- (ii) in the case of shortfalls in categories subject to specific limits, the carry-over 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 carry-over shall not be used to exceed any applicable specific limit except in accordance with the provisions of paragraph 4 and shall be subject to the provisions of paragraph 5.

(b) The limits referred to in sub-paragraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 4.

(c) The carry-over shall be in addition to the exports permitted by paragraph 4.

9. The Government of the Hungarian People's Republic shall use its best efforts to space exports from Hungary to the United States within each category evenly throughout the agreement year, taking into consideration normal seasonal factors.

10. The Government of the United States of America shall promptly supply the Government of the Hungarian People's Republic with data on monthly imports of cotton textiles from Hungary; and the Government of the Hungarian People's Republic 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 pertinent and readily available statistical data requested by the other Government.

11. In implementing 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 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.

12. The Government of the Hungarian People's Republic and the Government of the United States of America agree to consult on any question arising in the implementation 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 differences in points of procedure or operation.

14. If the Government of the Hungarian People's Republic considers that, as a result of limitations specified in this agreement, Hungary is being placed in an inequitable position vis-à-vis a third country, the Government of the Hungarian People's Republic may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of this agreement.

15. For the duration of this agreement, the Government of the United States of America shall not invoke the procedures of Article 5 or 6(c) of the Long-Term Arrangement to request restraint on the export of cotton textiles from Hungary to the United States.

16. The Government of the United States may assist the Government of the Hungarian People's Republic in implementing the limitation provisions of this agreement by controlling imports of cotton textiles covered by the agreement.

17. Either Government may terminate this agreement effective at the end of any 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 the Hungarian People's Republic, this note and your note of confirmation on behalf of the Government of the Hungarian People's Republic shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States of America.

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

For the Secretary of State:

Philip H. Trezise

Note No. 2

Washington, 13 August 1970

The Chargé d'Affaires ad interim of the Embassy of the Hungarian People's Republic presents his compliments to the Secretary of State of the United States of America and has the honour to refer to the Note of the Secretary of State to the Chargé d'Affaires ad interim of the Hungarian People's Republic dated 13 August 1970 concerning an agreement between the two Governments relating to trade in cotton textiles between Hungary and the United States. This is to confirm that the Government of the Hungarian People's Republic accepts the proposals set forth in the above referred Note of the Secretary of State of the United States of America, therefore this exchange of Notes constitutes an Agreement between the Government of the Hungarian People's Republic and the Government of the United States of America.

The Chargé d'Affaires ad interim of the Hungarian People's Republic takes this opportunity to renew the assurances of his highest consideration to the Secretary of State of the United States of America.

Department of State,
Washington, D.C.

ANNEX

Category number	Description	Unit	Conversion factor to syds.
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	Syds.	Not required
6	Gingham, combed	Syds.	Not required
7	Velveteen	Syds.	Not required
8	Corduroy	Syds.	Not required
9	Sheeting, carded	Syds.	Not required
10	Sheeting, combed	Syds.	Not required
11	Lawns, carded	Syds.	Not required
12	Lawns, combed	Syds.	Not required
13	Voile, carded	Syds.	Not required
14	Voile, combed	Syds.	Not required
15	Poplin and broadcloth, carded	Syds.	Not required
16	Poplin and broadcloth, combed	Syds.	Not required
17	Typewriter ribbon cloth	Syds.	Not required
18	Print cloth, shirting type, 80 x 80 type, carded	Syds.	Not required
19	Print cloth, shirting type, other than 80 x 80 type, carded	Syds.	Not required
20	Shirting, jacquard or dobby, carded	Syds.	Not required
21	Shirting, jacquard or dobby, combed	Syds.	Not required
22	Twill and sateen, carded	Syds.	Not required
23	Twill and sateen, combed	Syds.	Not required
24	Woven fabric, n.e.s. yarn dyed, carded	Syds.	Not required
25	Woven fabric, n.e.s. yarn dyed, combed	Syds.	Not required
26	Woven fabric, n.e.s. other, carded	Syds.	Not required
27	Woven fabric, n.e.s. other, combed	Syds.	Not required
28	Pillowcases, not ornamented, carded	Numbers	1.084
29	Pillowcases, 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	Lb.	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	Lb.	4.6

Category number	Description	Unit	Conversion factor to syds.
38	Fishing nets and fish netting	Lb.	4.6
39	Gloves and mittens	Dozen	3.527
40	Hose and half hose	Doz. pairs	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	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	Pajamas and other nightwear	Dozen	51.95
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