

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 Brazil¹

Attached is the text of the Notes constituting a bilateral agreement between the Government of the United States and the Government of Brazil concerning trade in cotton textiles between the two countries.

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

UNITED STATES NOTE

23 October 1970

Excellency:

I have the honour to refer to the recent discussions between our two Governments concerning the export of cotton textiles from Brazil 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 Brazil and the United States:

1. The term of this agreement shall be from 1 October 1970 through 30 September 1975. During the term of this agreement the Government of the Federative Republic of Brazil shall limit annual exports of cotton textiles from Brazil 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 1970, the aggregate limit shall be 75 million square yards equivalent.
3. Within the aggregate limit, the following group limits shall apply for the first agreement year:

	<u>In square yards equivalent</u>
Group I (Categories 1-4)	30 million
Group II (Categories 5-27)	39 million
Group III (Categories 28-64)	6 million

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

	<u>In units</u>	<u>In square yards equivalent</u>
A. <u>Group I</u>		
Category 1-4	6,521,739 lb.	30.0 million

His Excellency Mozart Gurgel Valente,
Brazilian Ambassador

	<u>In units</u>	<u>In square yards equivalent</u>
B. <u>Group II</u>		
<u>Category</u>		
9		12.0 million
18/19/26 (printcloth)		10.5 million
26 (duck)/27 (duck)		2.5 million
26 (other than duck and printcloth)/27 (other than duck)		6.5 million
22/23		4.5 million
24		2.0 million
C. <u>Group III</u>		
<u>Category</u>		
30/31 except shoptowels	5,747,126 pieces	2.0 million
50	39,332 dozen	0.7 million
51	33,714 dozen	0.6 million
55	13,725 dozen	0.7 million
64 terry	217,391 lb.	1.0 million

5. Within the aggregate limit, group limits may be exceeded by not more than 5 per cent. Within the applicable group limits, as they may be adjusted under this provision, specific limits may be exceeded by not more than 5 per cent.

6. Categories not given specific limits are subject to consultation levels and to the group and aggregate limits. In the event the Government of the Federative Republic of Brazil wishes to permit exports to the United States in any category during any agreement year in excess of the applicable consultation level, the Government of the Federative Republic of Brazil shall request consultations with the Government of the United States on this question and the Government of the United States shall enter into such consultations. Until agreement on a different level of exports is reached, the Government of the Federative Republic of Brazil shall limit its exports in the category in question to the consultation level. For the first agreement year, the consultation level for each category not given a specific limit shall be 500,000 square yards equivalent in Categories 1-38 and Category 64 (other than terry) and 350,000 square yards equivalent in Categories 39-63.

7. Cotton textiles in Categories 9, 19 and 26 (other than duck) exported from Brazil prior to 1 October 1970 which are entered or withdrawn from warehouse for consumption in the United States on or after 1 October 1970, shall be subject to limitations in the present agreement applicable to the first agreement year.

8. In the second and any succeeding twelve-month period for which this agreement is in effect, the level of exports permitted under each limitation in the agreement 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 5 or 9.

9. (a) For any agreement year immediately following a year of shortfall (i.e. a year in which cotton textile exports from Brazil to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of the Federative Republic of Brazil 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 group or specific limit, and shall not exceed 5 per cent of the aggregate limit or 5 per cent of the applicable group limit in 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, shall not exceed 5 per cent of the specific limit applicable to the category in the year of the shortfall, and shall be in addition to the exports permitted by paragraph 5.
- (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 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.

10. The Government of the Federative Republic of Brazil shall use its best efforts to space exports from Brazil to the United States within each category evenly throughout the agreement year, taking into consideration normal seasonal factors.

11. The Government of the United States shall promptly supply the Government of the Federative Republic of Brazil with data on monthly imports of cotton textiles from Brazil; and the Government of the Federative Republic of Brazil 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.

12. 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 is in question, the chief value criterion used by Government of the United States shall apply.

13. The Government of the Federative Republic of Brazil and the Government of the United States agree to consult on any question arising in the implementation of this agreement.
14. 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.
15. If the Government of the Federative Republic of Brazil considers that, as a result of limitations specified in this agreement, Brazil is being placed in an inequitable position vis-à-vis third country, the Government of the Federative Republic of Brazil may request consultation with the Government of the United States with a view to taking appropriate remedial action such as reasonable modification of this agreement.
16. For the duration of this agreement, the Government of the United States shall not invoke the procedures of Article 3 or 6(c) of the Long-Term Arrangement Regarding International Trade in Cotton Textiles to request restraint on the export of cotton textiles from Brazil to the United States.
17. The Government of the United States may assist the Government of the Federative Republic of Brazil in implementing the limitation provisions of this agreement by controlling imports of cotton textiles covered by the agreement.
18. 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 the foregoing proposal is acceptable to the Government of the Federative Republic of Brazil, this Note and Your Excellency's Note of confirmation on behalf of the Government of the Federative Republic of Brazil shall constitute an agreement between the Government of the Federative Republic of Brazil and the Government of the United States.

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

(Signed) For the Secretary of State:
Philip H. Trezise

ANNEX

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	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 t. 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
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

Category number	Description	Unit	Conversion factor to sq. yds.
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, three-quarter 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, house- coats, 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.	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

Washington, D.C., 23 October 1970

Excellency:

I have the honour to acknowledge receipt of your Note of 23 October 1970, in which the Government of the United States proposes an agreement on the export of Brazilian cotton textiles to the United States, the text of which I transcribe in full.

(See Note No. 1)

In reply I have the honour to inform you that the Government of the Federative Republic of Brazil agrees with the proposal set forth in your Note and that your Note and this reply shall constitute an agreement between our two Governments.

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

(Signed) Mozart Gurgel Valente
Brazilian Ambassador

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