

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 Portugal

Attached is the text of the United States note relating to a new bilateral agreement concerning trade in cotton textiles between the United States and Portugal.

The text of this note has been transmitted to the Director-General by the United States mission for notification to the Cotton Textiles Committee.

17 November 1970

Excellency:

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 representatives of our two Governments concerning exports of cotton textiles from Portugal 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 Portugal and the United States.

1. The purpose of this agreement is to provide for orderly development of trade in cotton textiles between the United States and Portugal. To achieve this purpose:

(a) The United States Government shall co-operate with the Portuguese Government in promoting orderly development of trade in cotton textiles between Portugal and the United States, and

(b) The Portuguese Government shall maintain, for the period of four years beginning 1 January 1971, an annual aggregate limit for exports of cotton textiles to the United States, and annual limits for groups and categories subject to the provisions of this agreement.

2. The aggregate limit for 1971 shall be 113,552,594 square yards equivalent.

3. Within the aggregate limit the following group limits shall apply for the first agreement year:

Group I	Yarn (Categories 1-4)	73,951,403 square yards equivalent
Group II	Fabrics, made-up goods and miscellaneous (Categories 5-38 and 64)	29,536,802 square yards equivalent
Group III	Apparel (Categories 39-63)	10,064,392 square yards equivalent

His Excellency Vasco Vieira Garin,
Ambassador of Portugal.

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

Group II

Category 5/6	10,845,442 sq.yds. ^{1/}
Category 9	12,733,875 sq.yds.
Category 22	1,910,082 sq.yds.
Category 24/25	7,003,632 sq.yds. ^{2/}
Category 26	3,056,130 sq.yds.

Group III

Category 41/42/43	114,605 doz.
Category 46	50,936 doz.
Category 50	29,239 doz.
Category 51	29,239 doz.
Category 52	43,295 doz.
Category 53 and knit dresses in Category 62	43,295 doz.
Category 55	35,000 doz.
Category 60	25,000 doz.
Category 62 (sweatshirts only)	70,800 lb.
Two or three piece ladies' suits made from woven or knit fabrics	445,886 lb.

5. Within the aggregate limit, the limits for Groups I and II may be exceeded by not more than 10 per cent and the limit for Group III 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. Within the group limit for each group the square yard equivalent of shortfalls in exports in the categories given specific limits may be used in categories not given specific limits subject to the consultation provisions of paragraph 7.

7. (a) In the event of undue concentration in exports from Portugal to the United States of cotton textiles in any category in Group I, the United States Government may request consultation with the Portuguese Government to determine an appropriate course of action. During the course of such consultation, the Portuguese Government shall limit exports in the category in question from Portugal 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 Portugal to the United States during the most recent twelve-month period preceding the request for consultation and for which statistics are available to the two Governments.

^{1/} Within this limit, annual exports in Category 6 shall not exceed 6,074,058 square yards.

^{2/} Within this limit, annual exports in Category 25 shall not exceed 2,546,775 square yards.

(b) In the event that Portugal plans to export during any agreement year more than 425,427 square yards equivalent in any category in Group III not given a specific limit, or more than 607,753 square yards equivalent in any category in Group II not given a specific limit, the Government of Portugal shall inform the Government of the United States of America of this intention. The Government of the United States of America will notify the Government of Portugal promptly, and, in any event, within thirty days after receipt of the information from the Government, whether it wishes to consult on this question. During this thirty-day period, the Government of Portugal agrees not to permit agreement year exports to exceed the limit applicable under this paragraph to the category in question. If the Government of the United States of America requests consultations, it shall provide the Government of Portugal with information on conditions of the United States market in this category. During the course of such consultations, the Government of Portugal shall continue to limit exports in this category to an annual level not to exceed the limit applicable to such category under this paragraph.

3. The two Governments undertake to consult whenever there is any question arising in the implementation of this agreement.

(a) If instances of excessive concentration of Portuguese exports of apparel products made from a particular type of fabric should cause or threaten to cause disruption of the United States domestic market, the United States Government may request in writing consultations with the Portuguese Government to determine an appropriate course of action.

(b) Such a request shall be accompanied by a detailed factual statement of the reasons and justification for the request, including relevant data on domestic production and consumption and on imports from third countries. During the course of such consultations, the Portuguese Government shall maintain exports of the articles concerned on a quarterly basis at annual levels not in excess of 105 per cent of the exports of such products during the first twelve months of the fifteen-month period prior to the month in which consultations are requested or at annual levels not in excess of 90 per cent of the exports of such products during the twelve months prior to the month in which consultations are requested, whichever is higher.

(c) This provision should only be resorted to sparingly. In the event that the Portuguese Government considers that the substance of the present agreement would be seriously affected due to such consultations, the Portuguese Government may request that the consultations include a discussion of possible modifications of those categories under specific ceilings.

9. In the second and 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 paragraph 5 or 10.

10. (a) For any agreement year immediately following a year of a shortfall (i.e., a year in which cotton textile exports from Portugal to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) under this agreement or the agreement effected by exchange of notes 23 March 1967, as amended, the Government of Portugal 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 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.

11. In the implementation of this agreement, the system of categories and the rates of conversion into square yards equivalent listed in Annex A 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 criterion provided for in the latter shall apply.

12. The Portuguese Government shall use its best efforts to space exports from Portugal to the United States within each category evenly throughout the agreement year, taking into consideration normal seasonal factors.

13. As regards products in any category under specific limits specified in this agreement, the United States Government shall keep under review the effect of this agreement with a view to orderly development for trade in cotton textiles between the United States and Portugal, and shall furnish to the Portuguese Government, once a year, the available statistics and other relevant data on imports, production and consumption of such products as would clarify the question of the impact of imports on the industry concerned.

14. If the Portuguese Government considers that as a result of limitations specified in this agreement, Portugal is being placed in an inequitable position vis-à-vis a third country, the Portuguese Government may request consultations with the United States Government with a view to taking appropriate remedial action such as a reasonable modification of this agreement.

15. The two Governments recognize that the successful implementation of the agreement depends largely upon mutual co-operation on statistical questions. Accordingly, each Government agrees to supply promptly any available statistical data requested by the other Government. In particular, the United States Government shall supply the Portuguese Government with data on monthly imports of cotton textiles from Portugal as well as from third countries and the Portuguese Government shall supply the United States Government with data on monthly exports of cotton textiles to the United States.

16. 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.

17. During the term of this agreement, the United States Government will not request restraint on the export of cotton textiles from Portugal 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 Portugal and the United States shall otherwise be unaffected by this agreement.

18. The Government of the United States of America shall assist in the implementation of the agreement by the use of import controls.

19. This agreement shall continue in force through 31 December 1974. 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 foregoing proposal is acceptable to the Government of Portugal, this note and Your Excellency's note on behalf of the Government of Portugal shall constitute an agreement between our two Governments.

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

For the Secretary of State:

Philip H. Trezise

ANNEX A

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	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	doz.	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	doz.	3.527

Category number	Description	Unit	Conversion factor to sq.yds.
40	Hose and half hose	doz. prs.	4.6
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	Coats, other, 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 uniforms) not knit	doz.	45.3
54	Playsuits, sunsuits, washsuits, creepers, rompers, etc., not knit, n.e.s.	doz.	25.0
55	Dressing gowns, including bathrobes and beachrobes, lounging gowns, 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	Pyjamas and other nightwear	doz.	51.95
61	Brassières 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