

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE  
IN COTTON TEXTILES

Bilateral Arrangement Between the United States and the Republic of China

Addendum

Attached are exchanged notes constituting a revision of the bilateral arrangement between the Governments of the United States and the Republic of China concerning trade in cotton textiles.

This information has been transmitted to the Director-General by the United States mission for notification to the Cotton Textiles Committee.

Note of the United States

Excellency:

I have the honour to refer to the recent discussions held in Washington, D.C. between representatives of our two Governments concerning the cotton textile agreement between our two Governments affected by exchange of notes at Taipei on 19 October 1963, as amended. In accordance with these discussions, the Government of the United States of America understands that the agreement, as amended, shall, in so far as concerns the third and fourth agreement years, be revised retroactively to 1 October 1965, to read as follows:

1. The Government of the Republic of China shall limit its exports to the United States in all categories of cotton textiles for the third agreement year beginning 1 October 1965 to an aggregate limit of 58,432,500 square yards equivalent.

2. Within this overall ceiling, the following group ceilings shall apply for the third agreement year:

(a) Apparel categories  
(Categories 39-63) 21,719,250 sq.yds.

(b) All other categories  
(Categories 1-38 and 64) 36,713,250 sq.yds.

3. Within the applicable group ceilings the following specific ceilings shall apply for the third agreement year:

(a) Apparel categories

Categories 41-42	85,664 dozen
Category 44	16,538 dozen
Category 45	9,923 dozen
Category 46	248,063 dozen
Category 47	27,563 dozen
Category 50	134,505 dozen
Category 51	216,090 dozen
Category 52	137,813 dozen
Category 53	11,025 dozen
Category 54	23,153 dozen
Category 57	110,250 dozen
Category 59	27,563 dozen
Category 60	20,837 dozen
Category 62	25,900 lbs.
Category 63	137,813 lbs.

(b) All other categories

Category	5	994,510 sq.yds. <sup>1</sup>
Category	6	630,000 sq.yds.
Category	9	18,742,500 sq.yds.
Category	15	551,250 sq.yds.
Categories	18-19	1,033,594 sq.yds.
Categories	22-23	2,050,000 sq.yds.
Categories	24-25	2,000,000 sq.yds.
Category	26	3,373,650 sq.yds. of which not more than 2,000,000 sq.yds shall be in duck
Category	28	937,125 pieces
Category	30	1,653,750 pieces
Category	32	246,500 dozen
Category	34	111,750 pieces
Category	35	74,350 pieces
Category	64	130,400 lbs.

4. During the third and fourth agreement years and within the applicable group ceilings, the specific ceilings specified in paragraph 3, other than those for duck and for Categories 5, 6, 45, 46, 50, 51, 52, 53, 54 and 60, may be exceeded by not more than 5 per cent.

5. Within the group ceilings for each group the square yard equivalent of any shortfalls occurring in exports in the categories given specific ceilings may be used in any category not given a specific ceiling. In the event the Government of the Republic of China desires to export during the third agreement year more than 385,875 square yards equivalent in any category not given a specific ceiling, it shall request consultations with the Government of the United States on this question. The United States Government shall agree to enter into such consultations and, during the course thereof, shall provide the Government of the Republic of China with information on the condition of the United States market in the category in question. Until agreement is reached, the Government of the Republic of China shall limit its exports in the category in question during the third agreement year at an annual level not in excess of 385,875 square yards equivalent.

6. The limitations on exports established in paragraphs 1, 2, 3, 5 and 8 shall, for the fourth agreement year, be increased by 5 per cent over the corresponding limitations for the preceding year.

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<sup>1</sup>Except that exports in Category 5 may amount to 75 per cent of the total amount permitted to be exported in Categories 5 and 6 provided the total exports in these two categories do not exceed the total limits provided for these two categories.

7. During the third and fourth agreement years, annual exports from the Republic of China to the United States shall be spaced as evenly as practicable, taking into account seasonal factors.
8. The Government of the Republic of China shall limit its exports of items made of corduroy in Categories 46, 50 and 51, to a total annual ceiling of no more than 4,410,000 square yards for the third agreement year. In the event concentration in exports from the Republic of China to the United States of items of apparel made up of corduroy in categories other than 46, 50 and 51 or items of apparel made up of other cotton fabrics causes or threatens to cause market disruption in the United States, the Government of the United States may call for consultations with the Government of the Republic of China in order to reach a mutually satisfactory solution to the problem. The Government of the Republic of China shall agree to enter into such consultation and, during the course thereof, the Government of the Republic of China shall limit its exports of the items in question at an annual level of 105 per cent of its exports during the twelve-month period immediately preceding the month in which consultations are requested.
9. Each Government agrees to supply promptly any available statistical data requested by the other Government. In particular, the Governments agree to exchange monthly data on exports and imports of cotton textiles from the Republic of China to the United States. In the implementation of this agreement, the system of categories and the factors for conversion into square yard equivalents set forth in the annex to the agreement of 19 October 1963, shall apply.
10. During the term of this agreement, the United States Government shall not invoke the procedures of Article 3 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on 9 February 1962 to limit importation of cotton textiles from the Republic of China into the United States.
11. The Governments agree to consult on any question arising in the implementation of this agreement. In particular, in the event that, because of a return to normalcy of market conditions in the United States, the Government of the United States relaxes measures it has taken under the Long-Term Arrangement for any of the categories, consultation may be requested by the Government of the Republic of China to remove or modify ceilings established for such categories by this agreement.
12. If the Government of the Republic of China considers that as a result of limits and ceilings specified in this agreement the Republic of China is being placed in an inequitable position vis-à-vis a third country, the Government of the Republic of China may request consultations with the United States Government with a view to taking appropriate remedial action such as a reasonable modification of this agreement.

13. The various adjustments to the export limitations agreed to in the agreement of 19 October 1963 and subsequent amendments together with the adjustments agreed to as a result of the overshipment of certain cotton textiles during the second agreement year based on statistics available as of 14 January 1966, are combined as follows:

- (a) The export limitations specified in paragraphs 1, 2, 3 and 6 as may be modified pursuant to paragraph 4 shall be reduced as follows:

	<u>3rd Agreement</u> <u>Year</u>	<u>4th Agreement</u> <u>Year</u>
5 (sq.yds.)	431,716	59,531
6 (sq.yds.)	630,000	6,935
9 (sq.yds.)	376,596	322,796
15 (sq.yds.)	11,039	9,462
18/19 (sq.yds.)	49,683	32,229
22/23 (sq.yds.)	31,669	27,146
26 (sq.yds.)	67,785	58,101
Duck (sq.yds.)	725,189	None
41-42 (dozen)	2,800	1,300
43 (dozen) <sup>1</sup>	1,400	700
45 (dozen)	300	200
46 (dozen)	44,464	1,200
50 (dozen)	19,006	500
51 (dozen)	200	100
54 (dozen)	1,962	
60 (dozen)	6,395	1,800
62 (lbs.)	3,900	2,900
63 (lbs.)	11,900	55,900
64 (sq.yds.) <sup>2</sup>	91,300	45,700

- (b) During the third agreement year only, up to 100,000 lbs. of sweatshirts may be exported, within the applicable group ceiling, in excess of the applicable limitation for Category 62.

14. In addition to the adjustments indicated in paragraph 13, and based on the statistics available as of 14 January 1966, the Government of the United States of America charged against the levels of exports permitted under the agreement for the third agreement year the following quantities in the categories indicated:

<sup>1</sup>To be deducted from group ceiling for apparel.

<sup>2</sup>To be deducted from group ceiling for "all other categories".



Note of the Republic of China

Sir:

I have the honour to acknowledge receipt of your note of today's date, which reads as follows:

(See note of the United States)

In reply, I have the honour to state that the Government of the Republic of China concurs in the proposals quoted above and agrees that your note and the present reply shall be regarded as constituting an agreement between our two Governments on this matter.

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