

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Agreement between the Government of Portugal and the
Government of the United States Concerning Trade
in Cotton Textiles between Portugal and the United States

Addendum

Attached is the text of the notes exchanged between the Government of the United States and the Government of Portugal amending the bilateral agreement of 27 March 1967 concluded between the two countries 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.

Note No. 1

The American Ambassador to the
Portuguese Minister of Foreign Affairs

Lisbon, 29 September 1967

Excellency,

I refer to the decision of the Cotton Textiles Committee of the General Agreement on Tariffs and Trade approving a Protocol¹ to extend through 30 September 1970, the Long-Term Arrangement Regarding International Trade in Cotton Textiles done in Geneva on 9 February 1962 (hereinafter referred to as "the Long-Term Arrangement"). I also refer to recent discussions between representatives of our two Governments and to the Agreement between our two Governments concerning exports of cotton textiles from Portugal to the United States effected by an exchange of notes dated 23 March 1967² (hereinafter referred to as the Agreement). I confirm, on behalf of my Government, the understanding that the Agreement is amended as provided in the following numbered paragraphs. This amendment is based on our understanding that the above-mentioned Protocol will enter into force for our two Governments on 1 October 1967.

1. Paragraphs 2 and 3 are amended to read as follows:

"2. The aggregate limit for the first Agreement year, calendar year 1967, shall be 103,425,000 square yards equivalent; for the second Agreement year, it shall be 108,990,000 square yards equivalent. It is noted that the aggregate limit and the limit for Group I reflect a special adjustment for the first Agreement year. All levels set forth for the second Agreement year are 5 per cent higher than the limits for the preceding year without this special adjustment; thus the growth factor provided for in paragraph 9 has already been applied in arriving at these levels for the second Agreement year."

"3. Within the aggregate limit the following group limits shall apply:

	<u>First Agreement</u>	<u>Second Agreement</u>
	<u>year</u>	<u>year</u>
	(square yards equivalent)	
Group I Yarn (categories 1-4)	67,225,000	70,980,000
Group II Fabrics, made-up goods and miscellaneous (categories 5-38 and 64)	27,000,000	28,350,000
Group III Apparel (categories 39-64)	9,200,000	9,660,000

H.E. Prof. Dr. Alberto Gorjao Franco Nogueira,
Minister of Foreign Affairs,
Lisbon.

¹Done at Geneva 1 May 1967.

²See document COT/24/Add.3.

2. In paragraph 4, all specific limits on yarn categories are deleted.
3. Paragraph 7 is amended to read as follows:

"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."

"(b) In the event that Portugal plans to export during any Agreement year more than 350,000 square yards equivalent in any category in Group III not given a specific limit, or more than 500,000 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."

4. Paragraph 9 is amended to read as follows:

"9. In the 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 18."

5. New paragraphs, numbered 18 and 19, are added to the Agreement to read as follows:

"18. (a) For any Agreement year subsequent to the first Agreement year and 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) 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."

"19. The Government of the United States of America shall continue to assist in the implementation of the Agreement by the use of import controls."

If the above conforms with the understanding of your Government, this note and your note of confirmation on behalf of the Government of Portugal shall constitute an amendment to the cotton textiles Agreement on 23 March 1967, between our two Governments.

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

W. Tapley Bennett

Note No. 2

The Portuguese Minister of Foreign Affairs
to the American Ambassador

Lisbon, 29 September 1967

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this date, which reads as follows:

See note No. 1

I have the honour to inform Your Excellency that the Portuguese Government agrees to the terms of Your Excellency's note and that your note and this reply shall constitute a formal agreement between our two countries beginning today.

I avail myself of the opportunity to present to Your Excellency the assurances of my highest consideration.

A. Franco Nogueira

H.E. W. Tapley Bennett, Jr.,
Ambassador of the United States of America, etc.,
Lisbon.