

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL  
TRADE IN COTTON TEXTILES

Bilateral Agreement Between the Governments of the  
United States and Hong Kong

The following communication has been received by the Director-General from the United States mission.

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I have been requested to transmit to you, for notification to the Cotton Textiles Committee, the attached text of the United States-Hong Kong cotton textile agreement signed in Hong Kong on 26 August 1966.

Note No. 1

American Consulate General,  
Hong Kong, B.C.C.

26 August 1966

Sir,

I refer to the recent discussions in Hong Kong between representatives of our two Governments concerning exports of cotton textiles from Hong Kong to the United States and to the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on 9 February 1962.

As a result of these discussions, I propose, on behalf of my Government, under Article 4 of the Long-Term Arrangement, the following agreement relating to exports of cotton textiles from Hong Kong to the United States.

1. The term of this Agreement shall be from 1 October 1965 through 30 September 1970. During the term of this Agreement the Government of Hong Kong shall limit annual exports of cotton textiles from Hong Kong to the United States to aggregate, group and specific limits at the levels specified below and in Annex A.
2. For the first agreement year, constituting the twelve-month period beginning 1 October 1965, the aggregate limit shall be 322,500,000 square yards equivalent.
3. Within this aggregate limit, the following group limits shall apply for the first agreement year:

<u>Groups</u>	<u>In square yards equivalent</u>
I Yarn	7,338,841
II Fabric	126,853,127
III Apparel	158,189,916
IV Made-up goods and miscellaneous	30,118,116

The Honourable  
D.R. Holmes, C.B.E., M.C., E.D.,  
Director,  
Commerce and Industry Department,  
Hong Kong.

4. Within the aggregate limit and the applicable group limits, the specific limits provided for in Annex A shall apply for the first agreement year.
5. Within the aggregate limit, the limits for Groups I, II and IV 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. During the term of this Agreement, the Government of Hong Kong shall limit exports of corduroy apparel from Hong Kong to the United States. For the first agreement year this limit on corduroy apparel shall be 7,350,000 square yards equivalent. Exports of corduroy apparel shall also be counted against all other pertinent limits provided in this Agreement.
7. In the second and succeeding twelve-month periods for which any limitation is in force under paragraphs 1, 2, 3, 4 (including Annex A) and 6 of this Agreement, the level of exports permitted under such limitation shall be increased by 5 per cent over the corresponding level for the preceding twelve-month period, the latter level not to include any adjustments under paragraph 5.
8. In the event of undue concentration in exports from Hong Kong to the United States of cotton textiles in any category not given a specific limit, the Government of the United States may request consultation with the Government of Hong Kong to determine an appropriate course of action. During the course of such consultation the Government of Hong Kong will not license further exports of the particular product in question.
9. The Government of Hong Kong shall use its best efforts to space exports from Hong Kong to the United States within each category evenly throughout the agreement year, taking into consideration normal seasonal factors.
10. The two Governments recognize that the successful implementation of this Agreement depends in large part upon mutual co-operation on statistical questions. The Government of the United States shall promptly supply the Government of Hong Kong with data on monthly imports of cotton textiles from Hong Kong. The Government of Hong Kong shall promptly supply the Government of the United States with pertinent data on anticipated exports in categories not subject to specific limits and data on monthly exports of cotton textiles to the United States. Each Government agrees to supply promptly any other available statistical data requested by the other Government.
11. In the implementation of this Agreement the system of categories listed in Annex B shall apply. Recognizing that this Agreement aligns to the best knowledge of the two Governments, Hong Kong's export control practices and

United States classification practices as far as is practicable to do so (unless agreed otherwise), each Government will consult with the other, at the earliest possible opportunity, if it comes to the notice of either Government that any problem in the classification of specific products may be developing and both Governments will seek by all means at their disposal to resolve any problems of classification practice which may be found to exist, in a manner compatible with the interests of both Governments. Any adjustment which cannot be made during an agreement year will be considered at the annual consultations provided for in paragraph 13.

12. In the implementation of this Agreement the rates of conversion into square yard equivalents listed in Annex B hereto shall apply.

13. The two Governments agree to consult annually during the last quarter of each agreement year to review this Agreement and whenever there is any question arising in the implementation of this Agreement.

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

15. 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.

16. 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.

17. During the term of this Agreement, the Government of the United States will not request restraint on the export of cotton textiles from Hong Kong to the United States under the procedures of Article 3 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on 9 February 1962. The applicability of the Long-Term Arrangement to trade in cotton textiles between Hong Kong and the United States shall otherwise be unaffected by this Agreement.

If this proposal is acceptable to the Government of Hong Kong, this note and your note of acceptance on behalf of the Government of Hong Kong shall constitute an agreement between our Governments.

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

Edward E. Rice

Enclosures:

1. Annex A
2. Annex B

ANNEX A

Categories Subject to Specific Limits and Other Categories

Group and category	Unit	Limit	
		Quantity	Equivalent sq.yds.
<u>Group I, Yarns:</u>			
Cotton yarns (Categories 1-4)	lb.	1,595,400	7,338,841
<u>Group II, Fabrics:</u>			
Ginghams (Categories 5-6)	sq.yd.	4,385,172	4,385,172
Sheeting (Categories 9-10)	sq.yd.	55,504,621	55,504,621
Twill and sateen (Categories 22-23)	sq.yd.	19,400,000	19,400,000
Yarn-dyed fabrics, n.e.s. (Categories 24-25)	sq.yd.	952,381	952,381
Duck fabric (Categories 26(1) and 27(2))	sq.yd.	28,000,000	28,000,000
*All other fabrics (Categories 7, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 26(2), 27(1), 27(3))	sq.yd.	18,610,953	18,610,953
<u>Group III, Apparel:</u>			
Knit T-shirts (Categories 41-42)	doz.	413,438	2,990,808
Other knit shirts (Category 43)	doz.	428,571	3,100,282
Dress shirts (Category 45)	doz.	568,765	12,618,624
Sport shirts (Category 46)	doz.	543,708	13,297,468
Raincoats, 3/4 length and over (Category 48)	doz.	11,942	597,095
Other coats (Category 49)	doz.	45,330	1,473,239
Trousers, men and boys (Category 50)	doz.	810,338	14,421,585
Trousers, women, misses etc. (Category 51)	doz.	1,686,151	30,008,429
Blouses (Category 52)	doz.	1,119,036	16,259,593
Dresses (Category 53)	doz.	60,637	2,746,860
Playsuits, etc. and entireties (Categories 54 and 63(1))	doz.	289,443	7,236,064
Dressing gowns, etc. (Category 55)	doz.	97,650	4,980,169
Pyjamas and other nightwear (Category 60)	doz.	496,124	25,778,617

Group and category	Unit	Limit	
		Quantity	Equivalent sq. yds.
Brassieres and body-supporting garments n.e.s. (Category 61)	doz.	1,549,011	7,357,801
Sweatshirts (Category 62(1))	lbs.	314,212	1,445,376
Knit blouses (Category 62(2))	lbs.	382,000	1,757,200
*All other apparel (Categories 39, 40, 44, 47, 56, 57, 58, 59, 62(3), 63(2))	sq.yds.	12,120,706	12,120,706
<p>The Hong Kong Government may distribute 4 million square yards from "all other apparel" <u>pro rata</u> among categories in Group III given specific limits, other than Categories 50 and 51. A distribution other than on a <u>pro rata</u> basis, may be made upon consultation and mutual agreement between the Governments of Hong Kong and the United States.</p>			
<u>Group IV, Made-Up Goods and Miscellaneous:</u>			
Pillowcases, plain (Categories 28-29)	no.	686,675	744,356
Towels, except shop towels (Categories 30-31(2))	no.	11,339,430	3,946,122
Shop towels (Category 31(1))	lbs.	3,677,096	16,914,643
Sheets, plain (Categories 34-35)	no.	580,000	3,596,000
*All other made-up goods and miscellaneous (Categories 32, 33, 36, 37, 38, 64)	sq.yds.	4,916,995	4,916,995

With respect to merged categories given specific limits in Groups I, II and IV, except Categories 30 and 31, shipments in the combed category (or categories in Group I) may not exceed the following percentages of the applicable combined limit:

<u>Category</u>	<u>Maximum combed</u>
1-4	72.5%
5-6	25 %
9-10	25 %
22-23	25 %
24-25	62.5%
26-27 (Duck)	37.5%
28-29	37.5%
34-35	52.5%

\* These categories are not subject to specific limits. Hence, within the aggregate and the applicable group limits, the square yard equivalent of shortfalls in exports in categories with specific limits may be used in these categories. /Footnote in original/

ANNEX B

Cotton Textile Categories and Conversion Factors

Category	Description	Unit	Conversion factor .to sq.yds.
1	Yarn, carded, singles	lb.	4.6
2	Yarn, carded, plied	lb.	4.6
3	Yarn, combed, singles	lb.	4.6
4	Yarn, combed, plied	lb.	4.6
5	Gingham, carded	sq.yd.	1.0
6	Gingham, combed	sq.yd.	1.0
7	Velveteen	sq.yd.	1.0
8	Corduroy	sq.yd.	1.0
9	Sheeting, carded	sq.yd.	1.0
10	Sheeting, combed	sq.yd.	1.0
11	Lawn, carded	sq.yd.	1.0
12	Lawn, combed	sq.yd.	1.0
13	Voile, carded	sq.yd.	1.0
14	Voile, combed	sq.yd.	1.0
15	Poplin and broadcloth, carded	sq.yd.	1.0
16	Poplin and broadcloth, combed	sq.yd.	1.0
17	Typewriter ribbon cloth	sq.yd.	1.0
18	Print cloth, shirting type, 80 x 80 type, carded	sq.yd.	1.0
19	Print cloth, shirting type, other than 80 x 80 type, carded	sq.yd.	1.0
20	Shirting, Jacquard or dobby, carded	sq.yd.	1.0
21	Shirting, Jacquard or dobby, combed	sq.yd.	1.0
22	Twill and sateen, carded	sq.yd.	1.0
23	Twill and sateen, combed	sq.yd.	1.0
24	Woven fabric, n.e.s., yarn dyed, carded	sq.yd.	1.0
25	Woven fabric, n.e.s., yarn dyed, combed	sq.yd.	1.0
26	Woven fabrics, other, carded	sq.yd.	1.0
(1)	Duck fabric, carded	sq.yd.	1.0
(2)	Woven fabrics, n.e.s.	sq.yd.	1.0

Category	Description	Unit	Conversion factor to sq.yds.
27	Woven fabrics, other, combed	sq.yd.	1.0
(1)	Oxford cloth, combed	sq.yd.	1.0
(2)	Duck fabric, combed	sq.yd.	1.0
(3)	Woven fabrics, n.e.s., combed	sq.yd.	1.0
28	Pillowcases, carded	no.	1.084
29	Pillowcases, combed	no.	1.084
30	Dish towels	no.	0.348
31	Other towels	no.	0.348
(1)	Shop towels (industrial wiping cloths)	lb.	4.6
(2)	Other towels, n.e.s.	no.	0.348
32	Handkerchiefs, whether or not in the piece	doz.	1.66
33	Table damask and manufactures	lb.	3.17
34	Sheets, carded	no.	6.2
35	Sheets, combed	no.	6.2
36	Bedspreads and quilts	no.	6.9
37	Braided and woven elastics	lb.	4.6
38	Fishing nets and fish netting	lb.	4.6
39	Gloves and mittens	doz.prs.	3.527
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	Other coats, 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

Category	Description	Unit	Conversion factor to sq.yds.
52	Blouses, not knit	doz.	14.53
53	Dresses (including uniforms), not knit	doz.	45.3
54	Playsuits, washsuits, sunsuits, creepers, rompers, etc., not knit, n.e.s.	doz.	25.0
55	Dressing gowns, including bathrobes, beach robes, lounge robes, 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.	51.96
61	Brassieres and other body-supporting garments	doz.	4.75
62	Wearing apparel, knit n.e.s.	lb.	4.6
(1)	Sweatshirts, knit	lb.	4.6
(2)	Blouses, knit	lb.	4.6
(3)	Other wearing apparel, knit	lb.	4.6
63	Wearing apparel, not knit n.e.s.	lb.	4.6
(1)	Entireties, not knit	doz.	25.0
(2)	Other wearing apparel, not knit	lb.	4.6
64	All other cotton textiles	lb.	4.6
	Apparel items exported in sets shall be recorded under separate categories of the component items.		

Note No. 2

Commerce and Industry Department,  
Fire Brigade Building,  
Hong Kong.

26 August 1966

Sir,

I refer to your note of 26 August 1966, proposing an Agreement between the Governments of the United States of America and Hong Kong under Article 4 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles and confirm that it is acceptable to my Government.

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

(signed) D.R. Holmes  
Director of Commerce and Industry

Mr. E.E. Rice,  
Consul-General,  
American Consulate General,  
26 Garden Road,  
Hong Kong.

Note No. 3

American Consulate General,  
Hong Kong, B.C.C.

26 August 1966

Sir,

I refer to the Agreement between our two Governments concerning trade in cotton textiles signed today and confirm my Government's understanding with respect to the exports of cotton textiles that are to be counted against the limitations in the Agreement.

In view of the special circumstances discussed by the representatives of our two Governments during the negotiations from which the Agreement resulted, the Government of the United States of America agrees that during the first year of the Agreement only,

- (i) the Government of Hong Kong shall have the option of permitting "swing" transfers freely between categories 15, 16, 18, 19, 23, 24 and 25 provided that the maximum export level in any one of these categories shall not exceed 2 million square yards; and
- (ii) exports of cotton textiles shall not be counted against the limitations of the Agreement as follows<sup>1</sup>:

A. <u>Aggregate limit</u>	29,607,078 sq.yds. <sup>2</sup>
B. <u>Group limits</u>	
Group I - yarns	2,602,288 sq.yds. <sup>2</sup>
Group II - fabrics	15,589,307 sq.yds.
Group III - apparel	8,961,903 sq.yds. <sup>2</sup>
Group IV - made-up goods and miscellaneous	2,453,580 sq.yds. <sup>2</sup>

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<sup>1</sup>It is noted that the sum of the amounts provided for specific categories in each of Groups II, III and IV in 2(ii)C hereof exceeds the amounts provided for such groups in 2(ii)B and the total amount for the four groups provided for in 2(ii)C exceeds the amount provided for in 2(ii)A. It is recognized that the total of exports of cotton textiles from Hong Kong to the United States during the first Agreement year shall not exceed the total of the amounts provided for in paragraph 2 of the Agreement and 2(ii)A hereof, or the amounts provided for in paragraph 3 of the Agreement (as they may be adjusted under paragraph 5 of the Agreement) and 2(ii)B hereof. (Footnote in original.)

<sup>2</sup>Equivalent square yards.

The Honourable D.R. Holmes, C.B.E., M.C., E.D.,  
Director,  
Commerce and Industry Department,  
Hong Kong.

C. Specific limits

	Unit	Limit	
		Quantity	Equivalent sq.yds.
<u>Group I - yarns</u>			
Cats. 1-4	lb.	565,715	2,602,288
<u>Group II - fabrics</u>			
Cats. 5-6	sq.yd.	219,263	219,263
Cats. 9-10	sq.yd.	2,775,290	2,775,290
Cats. 26(1)-27(2)	sq.yd.	9,482,944	9,482,944
All other fabrics	sq.yd.	3,804,438	3,804,438
<u>Group III - apparel</u>			
Cats. 41-42	doz.	20,672	149,544
Cat. 45	doz.	28,439	630,944
Cat. 46	doz.	27,186	664,887
Cat. 48	doz.	597	29,855
Cat. 49	doz.	2,267	73,664
Cat. 52	doz.	55,953	812,997
Cat. 53	doz.	3,032	137,346
Cats. 54-63(1)	doz.	14,472	361,811
Cat. 55	doz.	4,883	249,014
Cat. 60	doz.	24,807	1,288,958
Cat. 61	doz.	77,452	367,898
Cat. 62(1)	lb.	15,711	72,270
Cat. 62(2)	lb.	90,950	418,370
All other apparel	sq.yd.	3,870,025	3,870,025
<u>Group IV - made-up goods and miscellaneous</u>			
Cats. 28-29	no.	46,334	50,226
Cats. 30 and 31(2)	no.	566,983	197,310
Cat. 31(1)	lb.	183,859	845,750
Cats. 34-35	no.	231,812	1,437,234

- D. In addition to the foregoing amounts, exports in an aggregate of 6 million square yards equivalent shall be permitted to be distributed among categories 8, 13, 20, 21, 29, 32, 33, 35, 44, 47, 56, 57, 62(3), 63(2) and 64.
- E. In addition, within the aggregate limit specified in 2(ii)A above, exports may exceed the quantities shown in 2(ii)B and 2(ii)C above by not more than 5 per cent in Groups I, II, III and IV and in categories 1-4, 5-6, 9-10, 26(1)-27(2), the fabrics basket ("all other fabrics"), 41-42, 45, 46, 48, 49, 52, 53, 54-63(1), 55-60, 61, 62(1), the apparel basket ("all other apparel") 28-29, 30-31(2) and 31(1).

I shall appreciate receiving your confirmation of the above understanding. Accept, Sir, the renewed assurances of my high consideration.

Edward E. Rice

Note No. 4

Commerce and Industry Department  
Fire Brigade Building,  
Hong Kong.

26 August 1966

Sir,

I refer to your note of 26 August 1966, concerning permitted swing transfers and exports of cotton textiles which, during the first year of the Agreement, shall not be counted against the limitations of the Agreement.

2. As requested in paragraph 3 of your note, I confirm that your Government's understanding regarding these matters accords with the understanding of the Government of Hong Kong.

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

(signed) D.R. Holmes  
Director of Commerce and Industry

Mr. E.E. Rice,  
Consul-General,  
American Consulate General,  
26 Garden Road,  
Hong Kong.