

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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LONG-TERM ARRANGEMENT REGARDING TRADE
IN COTTON TEXTILES

Bilateral Agreement Between the
Governments of the United States and Mexico

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

By a note dated 2 June 1967, the United States Government proposed a new bilateral agreement between the United States and Mexico, effective retroactively to 1 May 1967, covering imports of all sixty-four categories of cotton textiles from Mexico into the United States. By a note of the Mexican Embassy in Washington, D.C., of the same date, the Government of Mexico accepted the text of the new agreement.

Copies of the two notes are attached.

I have been requested to transmit the above information, together with the texts of the United States and Mexican notes, to you for notification to the Cotton Textiles Committee.

Note No. 1

DEPARTMENT OF STATE
WASHINGTON

2 June 1967

Excellency,

I have the honour to refer to the recent discussions held in Washington and Mexico City between representatives of our two Governments concerning exports of cotton textiles from Mexico to the United States. In accordance with these discussions, I propose the following agreement concerning this trade.

1. The term of this agreement shall be from 1 May 1967 through 30 April 1971. During the term of this agreement, the Government of Mexico shall limit annual exports of cotton textiles from Mexico 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 May 1967, the aggregate limit shall be 75 million 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 (Categories 1-4)	51.8 million
II. Fabric (Categories 5-27)	21.0 million
III. Made-up goods, apparel, and miscellaneous (Categories 28-64)	2.2 million

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

Group II. Fabric

Category 9	4 million square yards	
Category 10	2 million square yards	
Category 22	4 million square yards	
Category 23	3 million square yards	
Category 26	6 million square yards)	(but not more than 4.5 million square yards in Categories 26 and 27 shall be in duck)
Category 27	2 million square yards)	

His Excellency
Hugo B. Margain,
Ambassador of Mexico.

Group III. Made-up goods, apparel and miscellaneous

Category 63	110,000 pounds
Category 64	326,000 pounds (of which not more than 90,000 pounds shall be in zipper tape)

5. Within the aggregate limit, the limit for Group I and Group 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, including the limits on duck and zipper tape, may be exceeded by not more than 5 per cent.

6. 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 paragraphs 5 and 14.

7. Within the group limits for each group the square yard equivalent of any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit. In the event Mexico desires to export during any agreement year more than the consultation level established herein in combed yarn (Categories 3 and 4) or in any category in Groups II and III not given a specific limit, the Government of Mexico shall request consultations with the Government of the United States of America on this question. The Government of the United States of America shall agree to enter into such consultations and during the course thereof, shall provide the Government of Mexico with information on the condition of the United States market in the category in question. Until agreement is reached, the Government of Mexico shall limit its exports in the category in question to the consultation level. During the first agreement year, the consultation level for combed yarn (Categories 3 and 4) shall be 13 million square yards equivalent and for categories not given specific limits shall be 500,000 square yards for such categories in Group II and 350,000 square yards for such categories in Group III.

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

9. 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 of America shall promptly supply the Government of Mexico with data on monthly imports of cotton textiles from Mexico. The Government of Mexico shall promptly supply the Government of the United States of America with data on monthly exports of cotton textiles to the United States. Each Government agrees to supply promptly any other available relevant statistical data requested by the other Government.

10. In the implementation of this agreement, the system of categories and the rates of conversion into square yard equivalents 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 is used or the criterion provided for in paragraph 2 of Annex E of the Long-Term Arrangement is used, the chief value criterion used by the Government of the United States of America in accordance with paragraph 2 of Annex E shall apply.
11. The Government of the United States of America and the Government of Mexico agree to consult on any question arising in the implementation of the agreement.
12. 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.
13. If the Government of Mexico considers that as a result of limitations specified in this agreement, Mexico is being placed in an inequitable position vis-à-vis a third country, the Government of Mexico may request consultation with the Government of the United States of America with the view to taking appropriate remedial action, such as a reasonable modification of this agreement.
14. (a) For any agreement year immediately following a year of a shortfall (i.e. a year in which cotton textile exports from Mexico to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Mexico 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 not exceed 5 per cent of the specific limit in the year of the shortfall, and shall be used in the same category in which the shortfall occurred, 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 of paragraph 5, and shall not be used to exceed the limits in 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.

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

16. Both governments shall take appropriate measures of export and import control to implement the limitation provisions of the agreement. The nature of these measures may be a matter of discussion pursuant to paragraph 12.

17. In view of the special circumstances described by the representatives of Mexico, the specific limits in Categories 9, 22, 26, and in duck as adjusted under paragraph 5 may be exceeded to the extent indicated below during the first agreement year only provided the fabric group limit, as adjusted under paragraph 5, is not exceeded:

<u>Category</u>	<u>Square yards</u>
9	1,000,000
22	1,000,000
26	1,500,000 (of which not more than 1,125,000 shall be in duck)

In no event shall any excesses permitted under this paragraph be considered an adjustment of any limits.

18. 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 these proposals are acceptable to your Government, this note and Your Excellency's note of acceptance on behalf of the Government of Mexico shall constitute an agreement between our Governments.

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

For the Secretary of State:

Attachment: Annex A

ANNEX A

Category number	Description	Unit	Conversion factor to square yards
1	Cotton yarn, carded, singles	lbs.	4.6
2	Cotton yard, carded, plied	lbs.	4.6
3	Cotton yarn, combed, singles	lbs.	4.6
4	Cotton yarn, combed, plied	lbs.	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.c.s. yarn dyed, carded	sq.yds.	Not required

Category number	Description	Unit	Conversion factor to square yards
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	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	lbs.	4.6
38	Fishing nets and fish netting	lbs.	4.6
39	Gloves and mittens	dozen	3.527
40	Hose and half hose	dozen pairs	4.6
41	T-shirts, all white, knit, men's and boys'	dozen	7.234
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

Category number	Description	Unit	Conversion factor to square yards
47	Shirts, work, not knit, men's and boys'	dozen	22.186
48	Raincoats, 3/4 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, wash-suits, creepers, rompers, etc., not knit, n.e.s.	dozen	25.0
55	Dressing gowns, including bathrobes and beachrobes, lounging gowns, housecoats, 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	51.96
61	Brassieres and other body supporting garments	dozen	4.75
62	Wearing apparel, knit, n.e.s.	lbs.	4.6
63	Wearing apparel, not knit, n.e.s.	lbs.	4.6
64	All other cotton textiles	lbs.	4.6

Note No. 2

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

Embassy of Mexico

Washington, D.C.

2 June 1967

Mr. Secretary,

I have the honour to acknowledge receipt of your note of today's date proposing a bilateral agreement relating to trade in cotton textiles between Mexico and the United States, which, translated into Spanish, reads as follows:

(The Spanish text of the quoted United States note of 2 June 1967 has been checked and found to be in substantive conformity with the United States note.) See Note No. 1.

I have the honour to confirm, in the name of the Government of Mexico, that the terms of your note are in accord with the arrangements concluded in the talks referred to by Your Excellency. Therefore it is agreed that your note and this note in confirmation shall constitute an Agreement between our two Governments on this matter.

I renew to Your Excellency the assurances of my highest and most distinguished consideration.

(Signed) Hugo B. Margáin
Ambassador

His Excellency
Dean Rusk,
Secretary of State,
Washington, D.C.