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No. 7875

**UNITED STATES OF AMERICA
and
PORTUGAL**

Exchange of letters constituting an arrangement relating to trade in cotton textiles (with annex and related letters). Lisbon, 12 March 1964

Official text: English.

Registered by the United States of America on 10 August 1965.

**ÉTATS-UNIS D'AMÉRIQUE
et
PORTUGAL**

Échange de lettres constituant un arrangement relatif au commerce des textiles de coton (avec annexe et lettres connexes). Lisbonne, 12 mars 1964

Texte officiel anglais.

Enregistré par les Etats-Unis d'Amérique le 10 août 1965.

No. 7875. EXCHANGE OF LETTERS CONSTITUTING AN ARRANGEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND PORTUGAL RELATING TO TRADE IN COTTON TEXTILES. LISBON, 12 MARCH 1964

I

Portuguese Minister to Counselor, U.S. Embassy

Lisbon, March 12, 1964

Dear Mr. Blue,

I have the honor to refer to the recent discussions held in Lisbon and Geneva by representatives of the Government of Portugal and the Government of the United States of America concerning trade in cotton textiles between Portugal and the United States; and to confirm, on behalf of the Government of Portugal, the understandings reached by the two Governments that, pursuant to the provision of Article Four of the Long-Term Arrangement regarding international trade in cotton textiles done in Geneva on February 9, 1962,² the bilateral arrangement attached hereto will be applied between the two Governments for the period of the three years beginning January 1, 1964, subject to the provisions thereof.

I have further the honor to request you to be good enough to confirm the foregoing understandings on behalf of the Government of the United States.

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

Carlos FERNANDES

Mr. William L. Blue
Counselor of the United States Embassy
Lisbon

ARRANGEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL CONCERNING TRADE IN COTTON TEXTILES BETWEEN UNITED STATES AND PORTUGAL

Pursuant to the provisions of Article 4 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962 (hereinafter called the Long-Term Arrangement), permitting "mutually acceptable

¹ Came into force on 12 March 1964 by the exchange of the said letters.

² United Nations, *Treaty Series*, Vol. 471, p. 296. As registered by the Executive Secretary of the Contracting Parties to the General Agreement on Tariffs and Trade, the Arrangements are identified in the United Nations *Treaty Series* by the date of their entry into force, i.e., 1 October 1962.

arrangements on other terms not inconsistent with the basic objectives of this Arrangement”, the following Arrangement shall be applied by the two Governments for the period of three years beginning January 1, 1964, subject to the provisions herein.

1. The purpose of this Arrangement 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 cooperate 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 three years beginning January 1, 1964, an annual aggregate limit for exports of cotton textiles to the United States, and annual limits for major groups subject to the provisions of this Arrangement.

2. The annual aggregate limit for 1964 shall be 90,000,000 square yards equivalent. The above quantity shall be subdivided into three major groups as follows :

I. Cotton yarn (Categories 1 – 4) ¹	58,200,000 syd equiv.
II. Fabrics and made up goods (Categories 5 – 38 and 64) ¹	23,700,000 syd equiv.
III. Apparel (Categories 39 – 63) ¹	8,100,000 syd equiv.
TOTAL	90,000,000 syd equiv.

¹ These categories are defined in the Annex hereto.

3. Within the group ceilings established by paragraph 2, the following specific ceilings shall apply :

GROUP I

Category No. 1	9,550,000 lbs.
Category No. 2	750,000 lbs.
Category No. 3	2,200,000 lbs.
Category No. 4	150,000 lbs.

GROUP II

Category No. 5 and 6	7,500,000 syds ¹
Category No. 9	6,500,000 syds
Category No. 19	800,000 syds
Category No. 24 and 25	4,400,000 syds ²
Category No. 26	2,000,000 syds
Category No. 28	300,000 pcs
Category No. 64	100,000 lbs ³

¹ Within this ceiling, annual exports in category 6 shall not exceed 4,200,000 syds.

² Within this ceiling, annual exports in category 25 shall not exceed 1,600,000 syds.

³ This ceiling shall apply only to quilt covers, not ornamented (TSUSA 363.6025).

GROUP III

Category No. 41, 42, 43	70,000 dz
Category No. 45	20,000 dz
Category No. 46	30,000 dz
Category No. 47	30,000 dz
Category No. 50	20,000 dz
Category No. 51	20,000 dz
Category No. 52	30,000 dz
Category No. 53	30,000 dz ¹
Category No. 55	20,000 dz
Category No. 60	15,000 dz
Category No. 62	50,000 lbs ²

Two or three piece ladies' suits made from woven or knit fabrics 300,000 lbs ³

¹ Made of woven or knitted fabrics.

² This ceiling shall apply only to sweatshirts. (TSUSA numbers 380.0309 ; 380.0645 ; 382.0312 ; 382.0665).

³ TSUSA numbers 382.0318 ; 382.0377 ; 382.0695 ; 382.3390.

4. A provision for "flexibility" is provided as follows :

- a) Within the aggregate annual limit, the group and category ceilings may be exceeded by not more than five per cent ;
- b) Within the ceiling for each group, the square yard equivalent of shortfalls in any category or categories with specific ceiling or ceilings may be used in any category or categories not given specific ceiling or ceilings.

5. The aggregate limit for 1965 shall be increased by 3 per cent. The aggregate limit for 1966 shall be increased by 5 per cent over the limit for 1965.

The percentage increase for 1965 and 1966 shall be applied to each limit for the groups and to each limit or ceiling within the groups.

6. Wherever it is necessary for the purposes of this Arrangement to convert units other than square yards (e. g., dozen, pieces, pounds, etc.) into square yard equivalent, the conversion factors set forth in the Annex hereto shall apply.

7 With the exception of seasonal items the Government of Portugal shall space its annual exports within each category or combination of categories given a specific ceiling on a cumulative, quarterly percentage basis of 30 – 55 – 80 – 100.

8. The two Governments undertake to consult whenever there is any question arising from the implementation of this Arrangement.

- 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 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 12 months of the 15-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 12 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 Arrangement 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 event that Portugal plans to export during any calendar year more than 350,000 square yard equivalent in any category not given specific ceiling, the Government of Portugal shall inform the United States Government of this intention. The United States Government will notify the Government of Portugal promptly, and in any event within thirty days after receipt of the Government of Portugal's information, whether or not it wishes to consult on this question. During this 30-day period, the Government of Portugal agrees not to permit calendar year exports to exceed 350,000 square yard equivalent in the category in question. If the United States Government request 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 in excess of 350,000 square yard equivalent.

10. As regards products in any category under specific limits or ceilings specified in this Arrangement, the United States Government shall keep under review the effect of this Arrangement 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.

11. If the Portuguese Government considers that as a result of limits and ceilings specified in this Arrangement 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 appropriate remedial action including if necessary a reasonable modification of this Arrangement.

12. The two Governments recognize that the successful implementation of this Arrangement depends largely upon mutual cooperation 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.

13. For the duration of this Arrangement, the United States shall not invoke Article 3 of the Long-Term Arrangement to request restraint on the exports of cotton textiles from Portugal to the United States. All other relevant provisions of the Long-Term Arrangement shall remain in effect between the two Governments.

14. The Arrangement shall continue in force through December 31, 1966, provided that either Government may terminate this Arrangement prior thereto effective at the beginning of a calendar year by giving sixty days' written notice to the other Government.

Each Government may at any time propose modification of this Arrangement. The other Government shall give sympathetic consideration to such proposal.

William L. BLUE

Carlos FERNANDES

ANNEX A

COTTON TEXTILE CATEGORIES AND CONVERSION FACTORS

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i> (square yards)
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

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor (square yards)</i>
5.	Gingham, carded	Syd.	1.0
6.	Gingham, combed	Syd.	1.0
7.	Velveteen	Syd.	1.0
8.	Corduroy	Syd.	1.0
9.	Sheeting, carded	Syd.	1.0
10.	Sheeting, combed	Syd.	1.0
11.	Lawn, carded	Syd.	1.0
12.	Lawn, combed	Syd.	1.0
13.	Voile, carded	Syd.	1.0
14.	Voile, combed	Syd.	1.0
15.	Poplin and broadcloth, carded	Syd.	1.0
16.	Poplin and broadcloth, combed	Syd.	1.0
17.	Typewriter ribbon cloth	Syd.	1.0
18.	Print cloth, shirting type, 80 × 80 type, carded	Syd.	1.0
19.	Print cloth, shirting type, other than 80 × 80 type, carded	Syd.	1.0
20.	Shirting, Jacquard or dobby, carded	Syd.	1.0
21.	Shirting, Jacquard or dobby, combed	Syd.	1.0
22.	Twill and sateen, carded	Syd.	1.0
23.	Twill and sateen, combed	Syd.	1.0
24.	Woven fabric, n.e.s., yarn dyed, carded	Syd.	1.0
25.	Woven fabric, n.e.s., yarn dyed, combed	Syd.	1.0
26.	Woven fabric, other, carded	Syd.	1.0
27.	Woven fabric, other, combed	Syd.	1.0
28.	Pillowcases, not ornamented, carded	No.	1.084
29.	Pillowcases, not ornamented, combed	No.	1.084
30.	Dish towels	No.	.348
31.	Other towels	No.	.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

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor (square yards)</i>
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
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, 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.	Pajamas 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
63.	Wearing apparel, not knit, n.e.s.	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.

II

Counselor, U.S. Embassy to Portuguese Minister

Lisbon, March 12, 1964

Dear Dr. Carlos Fernandes,

I have the honor to acknowledge receipt of your letter of today's date and the bilateral arrangement attached thereto concerning trade in cotton

textiles between Portugal and the United States which reads as follows :

[See letter I]

I have further the honor to confirm the foregoing understandings on behalf of the Government of the United States of America.

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

William L. BLUE

Dr. Carlos Augusto Fernandes
Ministry of Foreign Affairs
Lisbon

RELATED LETTERS

I

Counselor, U.S. Embassy to Portuguese Minister

Lisbon, March 12, 1964

Dear Dr. Carlos Fernandes,

With reference to paragraph 8 of the Arrangement between the Government of Portugal and the Government of the United States of America concerning trade in cotton textiles between Portugal and the United States effected by the Exchange of Notes today, I wish to inform you of the views and intentions of the United States Government :

The United States Government recognizes that exports of the end products containing fabrics potentially falling under the so-called concentration clause are themselves subject to limits established in the Arrangement. It further recognizes that changing demands in the United States market may, from time to time, lead to changes in the types of fabric appearing in imports into the United States. Considering these and other circumstances, the United States Government does not intend to invoke paragraph 8 on any type of fabric except in the case of a sharp and substantial increase from present levels in imports from Portugal of that fabric in the form of end items. It is to be understood that a sharp and substantial increase would be considered to apply only in those cases where present levels of imports from Portugal of the fabric concerned in the form of end items already are in substantial volume in relation to total consumption in the United States.

In any event, the United States Government would give the Portuguese Government advance notice prior to any invocation of the clause under discussion.

I should be grateful if you would acknowledge on behalf of your Government the receipt of this letter.

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

William L. BLUE

Dr. Carlos Augusto Fernandes
Ministry of Foreign Affairs
Lisbon

II

Portuguese Minister to Counselor, U.S. Embassy

Lisbon, March 12, 1964

Dear Mr. Blue,

I have the honor to acknowledge receipt of your letter of today's date concerning the paragraph 8 of the Arrangement between the Government of Portugal and the Government of the United States which reads as follows :

[See related letter I]

I have further the honor to confirm the foregoing understandings on behalf of the Government of Portugal.

Accept, sir, the renewed of my high consideration.

Carlos FERNANDES

Mr. William L. Blue
Counselor of the United States Embassy
Lisbon