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**UNITED STATES OF AMERICA
and
MEXICO**

**Exchange of notes constituting an agreement concerning trade
in cotton textiles (with annex). Washington, 2 June 1967**

Authentic texts: English and Spanish.

Registered by the United States of America on 6 August 1969.

**ÉTATS-UNIS D'AMÉRIQUE
et
MEXIQUE**

**Échange de notes constituant un accord relatif au commerce
des textiles de coton (avec annexe). Washington, 2 juin 1967**

Texte authentique : anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 6 août 1969.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
 BETWEEN THE UNITED STATES OF AMERICA AND
 MEXICO CONCERNING TRADE IN COTTON TEXTILES

I

DEPARTMENT OF STATE
 WASHINGTON

June 2, 1967

Excellency:

I have the honor 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 May 1, 1967 through April 30, 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 12-month period beginning May 1, 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:

<i>Groups</i>	<i>In Sq. Yds. Equivalent</i>
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

¹ Came into force on 2 June 1967 with retroactive effect from 1 May 1967, in accordance with the provisions of the said notes.

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	

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 percent and the limit for Group III may be exceeded by not more than 5 percent. 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 percent.

6. In the second and succeeding 12-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 percent of the corresponding level for the preceding 12-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 Arrangement¹ 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 % of the aggregate limit or 5 % 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 % 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,

¹ 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, this Arrangement is identified in the United Nations *Treaty Series* by the date of its entry into force, i.e., 1 October 1962.

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 subparagraph *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 February 9, 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:

<i>Category</i>	<i>Square Yards</i>
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 90 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:

Anthony M. SOLOMON

His Excellency Hugo B. Margain
Ambassador of Mexico

ANNEX A

<i>Category Number</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion factor to Syds.</i>
1.	Cotton Yarn, carded, singles	Lbs.	4.6
2.	Cotton Yarn, carded, plied	Lbs.	4.6
3.	Cotton Yarn, combed, singles	Lbs.	4.6
4.	Cotton Yarn, combed, plied	Lbs.	4.6
5.	Gingham, carded	Syds.	Not required
6.	Gingham, combed	Syds.	Not required
7.	Velveteen	Syds.	Not required
8.	Corduroy	Syds.	Not required
9.	Sheeting, carded	Syds.	Not required
10.	Sheeting, combed	Syds.	Not required
11.	Lawns, carded	Syds.	Not required
12.	Lawns, combed	Syds.	Not required
13.	Voile, carded	Syds.	Not required
14.	Voile, combed	Syds.	Not required
15.	Poplin and Broadcloth, carded	Syds.	Not required
16.	Poplin and Broadcloth, combed	Syds.	Not required
17.	Typewriter ribbon cloth	Syds.	Not required
18.	Print cloth, shirting type, 80 × 80 type, carded .	Syds.	Not required
19.	Print cloth, shirting type, other than 80 × 80 type, carded	Syds.	Not required
20.	Shirting, Jacquard or dobby, carded	Syds.	Not required
21.	Shirting, Jacquard or dobby, combed	Syds.	Not required
22.	Twill and sateen, carded	Syds.	Not required
23.	Twill and sateen, combed	Syds.	Not required
24.	Woven fabric, n.e.s., yarn dyed, carded	Syds.	Not required
25.	Woven fabric, n.e.s., yarn dyed, combed	Syds.	Not required
26.	Woven fabric, n.e.s., other, carded	Syds.	Not required
27.	Woven fabric, n.e.s., other, combed	Syds.	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

<i>Category Number</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion factor to Syds.</i>
40.	Hose and half hose	Doz. prs.	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
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, washsuits, creepers, rompers, etc., not knit, n.e.s.	Dozen	25.0
55.	Dressing gowns, including bathrobes and beach- robes, 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.	Pajamas 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

« 18. Cualquiera de los dos Gobiernos podrá dar por concluido este Acuerdo a la terminación de uno de los años del Acuerdo, mediante una notificación por escrito, al otro Gobierno, dada por lo menos noventa días antes de finalizar ese año del Acuerdo. Cualquiera de los dos Gobiernos podrá en cualquier tiempo proponer reformas a los términos de este Acuerdo.

« Si estas proposiciones son aceptables a su Gobierno, esta nota y la nota de aceptación de su Excelencia, en nombre del Gobierno de México, constituirán un Acuerdo entre nuestros Gobiernos.

« Reitero a Vuestra Excelencia las seguridades de mi más alta consideración.

Anthony M. SOLOMON »

Tengo el honor de confirmar, en nombre del Gobierno de México, que lo expresado en su nota, concuerda con los arreglos a que se llegaron en las conversaciones que menciona Vuestra Excelencia. Por lo tanto, se conviene en que su nota y esta nota de confirmación, constituirán el Acuerdo entre nuestros dos Gobiernos sobre esta materia.

Reitero a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

Hugo B. MARGAIN
Embajador

Anexo :

Lista de categorías con factores de conversión.

Excelentísimo Señor Dean Rusk
Secretario de Estado
Washington, D.C.

[TRANSLATION ¹ — TRADUCTION ²]

EMBASSY OF MEXICO
WASHINGTON, D.C.

June 2, 1967

Mr. Secretary :

I have the honor to acknowledge receipt of your note of today's date proposing a bilateral agreement relating to trade in cotton textiles between

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

Mexico and the United States, which, translated into Spanish, read as follows:

[See note I]

I have the honor 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.

Hugo B. MARGAIN
Ambassador

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

Enclosure:

List of categories with conventions factors.