

No. 9921

UNITED STATES OF AMERICA
and
PHILIPPINES

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

Authentic text : English.

Registered by the United States of America on 1 October 1969.

ÉTATS-UNIS D'AMÉRIQUE
et
PHILIPPINES

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

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} octobre 1969.

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

I

DEPARTMENT OF STATE
 WASHINGTON

September 21, 1967

Sir :

I refer to the recent discussions held in Washington between representatives of our two Governments concerning exports of cotton textiles from the Philippines to the United States. In accordance with these discussions, I propose the following agreement :

1. The Governments reiterate their recognition as set forth in the cotton textile agreement between them of February 24, 1964,² that substantially all the exports of cotton textiles from the Philippines to the United States in categories 52, 53, 54, 59 and 63 consist of infants' wear produced by the Philippine cottage industry and traditionally part of the Special United States-Philippine cotton textile trade. The Governments also recognize that Philippine exports to the United States in Category 62 consist of the same type of infants' wear, and agree that this category shall be included in this group of traditional categories, Group A. The two Governments agree that the annual trade in these traditional trade categories approximates the following pattern :

<i>Group A</i>	<i>Dozens</i>	<i>Square Yards Equivalent</i>
52 . . .	25,000	363,250
53 . . .	475,000	21,517,500
54 . . .	105,000	2,625,000
59 . . .	75,000	1,200,000
62 . . .	100,000	800,400
63 . . .	1,020,000	8,164,080
TOTAL	1,800,000	34,670,230

¹ Came into force on 1 January 1968, in accordance with paragraph 15.

² United Nations, *Treaty Series*, vol. 505, p. 283.

2. In the event that the Government of the Republic of the Philippines desires to permit exports in the traditional categories enumerated in paragraph 1 to exceed in any calendar year 110 percent of the levels of traditional trade enumerated in paragraph 1 (as adjusted pursuant to paragraph 8), it shall so notify the Government of the United States of America. Upon receipt of such notification, the Government of the United States of America may request consultations on the matter if, in its view, the proposed export levels would constitute an undue concentration of trade threatening to cause a disruption of the United States market in these categories. The Government of the United States of America shall accompany its request for consultations with detailed information on the condition of the United States market in the category or categories in question. The Government of the Republic of the Philippines shall agree to enter into such consultations, and during the course thereof the Government of the Republic of the Philippines shall limit its exports on an annual basis in the categories in question to 110 percent of the level of traditional trade enumerated in paragraph 1 (as adjusted pursuant to paragraph 8).

3. During calendar year 1968, the first agreement year, the Government of the Republic of the Philippines shall limit its exports to the United States in all categories of cotton textiles, except those enumerated in paragraph 1, to an aggregate limit of 22.3 million square yards equivalent.

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

Group B. Made-ups, Non-traditional Apparel, and Miscellaneous, (Categories 28-51, 55-58, 61 and 64) 17.8 million square yards equivalent

Group C. Yarn and Fabric, Categories 1-27, 4.5 million square yards equivalent.

5. Within the aggregate limit specified in paragraph 3 and the applicable Group limit specified in paragraph 4, the following specific limits shall apply for the first agreement year :

	<i>Group B</i>	<i>Dozens</i>	<i>Square Yards Equivalent</i>
32 (handkerchiefs) . .		3,000,000	4,980,000
39.		275,000	969,925
42.		30,000	217,020
43.		60,000	434,040
45.		30,000	665,580
46.		10,000	244,570
50.		10,000	177,970
51.		10,000	177,970
60.		8,500	441,660
61.		1,550,000	7,362,500

*Group C**Square Yards Equivalent*

9 . . .	1,250,000
22 . . .	1,500,000
26 . . .	1,250,000 (Of which not more than 300,000 square yards may be in duck.)

6. Within the aggregate limit, the limit for Group B may be exceeded by not more than 5 percent, and the limit for Group C may be exceeded by not more than 10 percent. Within the applicable group limits, as it may be adjusted under this provision, specific limits may be exceeded by not more than 5 percent.

7. (a) For any agreement year after the first agreement year and immediately following a year of a shortfall in non-traditional categories (i.e., year in which cotton textile exports from the Philippines to the United States in the B and C groups were below the aggregate limit for the B and C groups and any group and specific limits applicable to the category concerned) the Government of the Republic of the Philippines may permit exports to exceed the aggregate, group and specific 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 percent of the aggregate limit or 5 percent 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 percent 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 6, and shall not be used to exceed the limits in paragraph 9.

(b) The limits referred to in subparagraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 6.

(c) The carryover shall be in addition to the exports permitted in paragraph 6.

8. In the second and third agreement year the limitations on exports established by paragraphs 3, 4, 5 and 9, and the levels of traditional trade categories enumerated in paragraph 1, shall be increased by 5 percent of the corresponding level for the preceding year, the latter level not to include any adjustment under paragraphs 6 or 7.

9. (a) Within the group limit for the B and C groups 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.

(b) In the event the Government of the Philippines desires to permit exports during any agreement year of more than the level of the consultation limit in any category in Group B or in Group C not having a specific limit, the Government of the Philippines shall request consultation with the government of the United States of America on this question. For the first agreement year the level of the consultation limit for each category in Group B not having a specific limit shall be 350,000 square yards equivalent, and for each category in Group C not having a specific limit it shall be 500,000 square yards equivalent. The Government of the United States of America shall enter into such consultations and, during the course thereof, shall provide the Government of the Philippines with information on the condition of the United States market in the category in question. Until agreements is reached, the Government of the Philippines shall continue to limit exports in that category for that agreement year to the consultation limit.

(c) In the event concentration of exports from the Philippines to the United States of apparel items made of a particular fabric not of United States origin causes or threatens to cause market disruption in the United States, the Government of the United States of America may call for consultations with the Government of the Republic of the Philippines in order to reach a mutually satisfactory solution to the problem. The Government of the Philippines shall agree to enter into such consultations, and, during the course thereof, shall limit its exports of the item in question to an annual level of 105 percent of its exports of that item during the 12-month period immediately preceding month in which consultations are requested.

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

11. Each Government agrees to supply promptly any available statistical data requested by the other Government. In the implementation of this Agreement, the system of categories and the factors for conversion into square yards equivalent set forth in the Annex hereto shall apply. In any situation where the determination of an article to be a cotton textile would be affected by whether a weight or value criterion is used, the chief value criterion applied by the Government of the United States of America shall apply.

12. For the duration of this Agreement, the Government of the United States of America shall not limit the importation of cotton textiles from the Philippines to levels lower than those provided in this Agreement.

13. The Governments agree to consult on any question arising in the implementation of this Agreement.

14. The Governments agree that this Agreement, while governing trade in cotton textiles, does not prejudice any interpretations by either Government of the Agreement between the United States of America and the Republic of the Philippines Concerning Trade and Related Matters signed at Washington on September 6, 1955.¹

15. This Agreement shall enter into force on January 1, 1968, and continue in force through December 31, 1970, provided that either Government may propose revisions in the terms of the Agreement no later than 90 days prior to the beginning of a new 12-month period. Either Government may terminate this Agreement effective at the end of calendar year 1968 or 1969 by written notice to the other Government given at least 90 days prior to the end of either calendar year; provided that such termination shall not operate to prejudice the ability of the Philippines to export cotton textiles to the United States in amounts preserving its proportionate share of the United States market as represented by the level specified in this Agreement for the calendar year in which Agreement is terminated.

16. 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.

If the foregoing proposal is acceptable to the Government of the Republic of the Philippines, my Government will consider this note and your affirmative reply, as constituting an agreement between our two Governments on the matter.

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

For the Secretary of State:

Anthony M. SOLOMON

The Honorable Dr. José F. Imperial
Charge d'Affaires ad interim of the Philippines

ANNEX A

SQUARE YARD EQUIVALENT CONVERSION FACTORS BY CATEGORY

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
1	Yarn, carded, singles	Lb.	4.6
2	Yarn, carded, plied	Lb.	4.6
3	Yarn, combed, singles	Lb.	4.6

¹ United Nations, *Treaty Series*, vol. 238, p. 264.

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
4	Yarn, combed, plied	Lb.	4.6
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

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor</i>
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 sweat-shirts	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, $\frac{3}{4}$ 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

II

EMBASSY OF THE PHILIPPINES
WASHINGTON, D.C.

September 21, 1967

Excellency :

I have the honor to refer to your note of September 21, 1967 proposing an Agreement between our two Governments concerning exports of cotton textiles from the Philippines to the United States which reads as follows :

[See note I]

I have the honor to confirm on behalf of the Government of the Republic of the Philippines the proposals set forth in your note. Accordingly your note and this reply shall constitute an agreement between our two Governments.

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

J. F. IMPERIAL
Chargé d'Affaires ad interim

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