

No. 10046

**UNITED STATES OF AMERICA
and
YUGOSLAVIA**

**Exchange of notes constituting an agreement concerning trade
in cotton textiles. Belgrade, 26 September 1967**

Authentic text: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
YOUGOSLAVIE**

**Échange de notes constituant un accord relatif au commerce
des textiles de coton. Belgrade, 26 septembre 1967**

Texte authentique: anglais.

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

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

I

The American Ambassador to the Yugoslav Secretary of State for Foreign Affairs

BELGRADE, YUGOSLAVIA

September 26, 1967

Excellency:

I have the honor to refer to recent discussions held in Belgrade and Washington between representatives of the Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia concerning exports of cotton textiles from Yugoslavia to the United States. I confirm, on behalf of my Government, the understanding that the present agreement covering this trade, signed on October 5, 1964,² amended today,³ and expiring on December 31, 1967, will be succeeded by the following new agreement:

1. The term of this agreement shall be from January 1, 1968 to December 31, 1970. During the term of this agreement, the Government of the Socialist Federal Republic of Yugoslavia shall limit annual exports of cotton textiles from Yugoslavia 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 January 1, 1968, the aggregate limit shall be 18,750,000 square yards equivalent.

3. Within the aggregate limit, the following specific limits shall apply :

<i>Category</i>	<i>Level</i>
9	7.0 million square yards
18-19	1.0 million square yards
22	1.6 million square yards
26 (duck)	2.0 million square yards
26 (other)	1.5 million square yards
28-29	0.55 million square yards equivalent
31	474,150 pieces
34-35	322,580 pieces

¹ Came into force on 1 January 1968, in accordance with its provisions.

² United Nations, *Treaty Series*, vol. 531, p. 63.

³ *Ibid.*, vol. 693, p. 358.

4. Within the aggregate limit, exports of apparel (Categories 39-63) shall not exceed 1,736,438 square yards equivalent. Within this group limit on apparel exports, the following specific limits shall apply :

<i>Category</i>	<i>Level</i>
45-46-50-51	500,000 square yards equivalent (of which not more than 405,169 square yards shall be in any one of these categories)
48	3,416 doz
49	15,384 doz

5. Within the aggregate limit, the apparel group limit specified in paragraph 4 above may be exceeded by 5 percent. Within the aggregate limit and, if applicable, within the apparel group limit established in paragraph 4, as it may be adjusted under this provision, specific limits may be exceeded by 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 or 15.

7. Within the aggregate limit and, if applicable the apparel group limit, 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.

8. In the event Yugoslavia desires to export during any agreement year more than the consultation level established herein in any category not given a specific limit, the Government of the Socialist Federal Republic of Yugoslavia 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 the Socialist Federal Republic of Yugoslavia with information on the condition of the United States market in the category in question. Until agreement is reached, the Government of the Socialist Federal Republic of Yugoslavia shall limit its exports in the category in question to the consultation level. During the first agreement year, the consultation level for each apparel category not given a specific limit shall be 405,169 square yards equivalent, and for each other category not given a specific limit shall be 500,000 square yards equivalent.

9. The Government of the Socialist Federal Republic of Yugoslavia shall use its best efforts to space exports from Yugoslavia 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 cooperation on statistical questions. The Government of the United States of America shall promptly supply the Government of the Socialist Federal Republic of Yugoslavia with data on monthly imports of cotton textiles from Yugoslavia. The Government of the Socialist Federal Republic of Yugoslavia 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.

11. In the implementation of this agreement, the system of categories and the rates of conversion into square yard equivalents listed 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 the criterion provided for in Article 9 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles done at Geneva on February 9, 1962¹ (hereinafter referred to as 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.

12. The Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia agree to consult on any question arising in the implementation of the agreement. In particular, in the event that, because of a return to normalcy of market conditions in the United States, the Government of the United States relaxes measures it has taken under the Long-Term Arrangement with respect to categories given ceilings herein, consultation may be requested by the Government of the Socialist Federal Republic of Yugoslavia to negotiate removal or modification of those ceilings.

13. 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.

14. If the Government of the Socialist Federal Republic of Yugoslavia considers that as a result of limitations specified in this agreement, Yugoslavia is being placed in an inequitable position vis-a-vis a third country, the Government of the Socialist Federal Republic of Yugoslavia 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.

15. (a) For any agreement year immediately following a year of a shortfall (i.e., a year in which cotton textile exports from Yugoslavia to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned)

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.

the Government of the Socialist Federal Republic of Yugoslavia 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, if applicable, the apparel group or any applicable specific limit and shall not exceed either 5 percent of the aggregate limit or, if applicable, 5 percent of the apparel 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 apparel group if the shortfall occurred therein, shall not be used to exceed any applicable specific limit except in accordance with the provisions of paragraph 5, and shall be subject to the provisions of paragraph 7 of the agreement.
- (b) The limits referred to in subparagraph (a) of this paragraph are without and adjustments under this paragraph or paragraph 5.
- (c) The carryover shall be in addition to the exports permitted in paragraph 5.

16. 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 Yugoslavia to the United States under the procedures of Articles 3 and 6 (c) of the Long-Term Arrangement.

17. The Government of the United States of America may assist the Government of the Socialist Federal Republic of Yugoslavia in implementing the provisions of this agreement by controlling imports of cotton textiles.

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 the agreement and the Government receiving such a request will reply to the proposal within 60 days.

If the foregoing conforms with the understanding of your Government, this note and Your Excellency's note confirming that understanding on behalf of the Government of the Socialist Federal Republic of Yugoslavia shall constitute an agreement between our Governments.

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

C. Burke ELBRICK

His Excellency Marko Nikezic
Secretary of State for Foreign Affairs
of the Socialist Federal Republic of Yugoslavia

II

Beograd, 26 September 1967

Excellency:

I have the honor to acknowledge the receipt of your Excellency's note of today's date proposing a bilateral agreement concerning exports of cotton textiles from Yugoslavia to the United States, which reads as follows:

[*See note I*]

I have the honor to inform you that the foregoing conforms with the understanding of my Government and that your Excellency's note and this note shall constitute an agreement between our two Governments.

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

For the Secretary of State for Foreign Affairs:

Rudolf CACINOVIC
Counsellor of the Secretary of State

His Excellency C. Burke Elbrick
Ambassador of the United States of America
Beograd