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**UNITED STATES OF AMERICA
and
MALAYSIA**

**Exchange of notes constituting an agreement concerning trade
in cotton textiles (with annex). Washington, 8 September
1970**

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**ÉTATS-UNIS D'AMÉRIQUE
et
MALAISIE**

**Échange de notes constituant un accord relatif au commerce
des textiles de coton (avec annexe). Washington,
8 septembre 1970**

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 2 février 1971.

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

I

DEPARTMENT OF STATE
 WASHINGTON

September 8, 1970

Sir:

I refer to the Long-Term Arrangement Regarding International Trade in Cotton Textiles (hereinafter referred to as the Long-Term Arrangement), done in Geneva on February 9, 1962,² as extended by Protocol³ until September 30, 1973.

I also refer to recent discussions between our two Governments concerning the export of cotton textiles from Malaysia to the United States. As a result of these discussion, I wish to propose the following agreement relating to trade in cotton textiles between Malaysia and the United States.

1. The term of this agreement shall be from September 1, 1970 through August 31, 1974. During the term of this agreement the Government of Malaysia shall limit annual exports of cotton textiles from Malaysia 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 September 1, 1970 the aggregate limit shall be 20 million square yards equivalent.

3. Within the aggregate limit, group limits shall apply to each of the following groups of categories. For the first agreement year the levels (in square yard equivalents) shall be as follows:

Group I (Categories 1–38 and 64)	11.0 million
Group II (Categories 39–63)	9.0 million

¹ Came into force on 8 September 1970 with retroactive effect from 1 September 1970, in accordance with the provisions of the said notes.

² United Nations, *Treaty Series*, vol. 471, p. 296. As registered by the Executive Secretary to 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.

³ *Ibid.*, vol. 753, p. 344.

4. Within the aggregate limit and the applicable group limit, the following specific limits shall apply. For the first agreement year the levels shall be as follows:

	<i>Item</i>	<i>Units</i>	<i>Square Yards Equivalent</i>
<i>Group I</i>			
	Categories 9/10		800,000
	Categories 18/19/26 ^a		1,800,000
	Categories 22/23		1,500,000
	Category 26:		
	Other than printcloth		4,400,000
	Of which duck not to exceed		(2,000,000)
	Category 31	2,011,494 pieces	700,000
	Category 64	178,260 pounds	820,000
<i>Group II</i>			
	Category 45	90,000 dozen	1,996,740
	Category 46	20,000 dozen	489,140
	Category 49	15,000 dozen	487,500
	Category 50	25,000 dozen	444,925
	Category 51	25,000 dozen	444,925
	Category 53	15,000 dozen	679,500
	Category 55	18,000 dozen	918,000
	Category 60	28,000 dozen	1,454,880

^a *Category 26 printcloth only.*

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

6. Categories not given specific limits are subject to consultation levels and to the group and aggregate limits. In the event the Government of Malaysia wishes to permit exports in any category in excess of the applicable consultation level during any agreement year, the Government of Malaysia shall request consultations with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations. Until agreement on a different level of exports is reached, the Government of Malaysia shall limit its exports in the category in question to the consultation level. For the first agreement year, the consultation level for each category not given a specific limit shall be 500,000 square yards equivalent in categories 1–38 and category 64 and 350,000 square yards equivalent in categories 39–63.

7. In the second and any succeeding 12-month period for which any limitation is in effect under this agreement, the level of exports permitted under such limitation shall be increased by five percent of the corresponding level for the preceding 12-month period, the latter level not to include any adjustments under paragraphs 5 or 8.

8. (a) For any agreement year immediately following a year of a shortfall (i.e., a year in which cotton textile exports from Malaysia to the United States were below the aggregate limit and any group and specific limits applicable to the category concerned) the Government of Malaysia may permit exports to exceed these limits by carryover in the following amounts and manner:

- (i) The carryover shall not exceed the amount of 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, shall be used in the same category in which the shortfall occurred, and shall be in addition to the exports permitted in paragraph 5; 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 6 of the agreement.

(b) The limits referred to in subparagraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 5.

9. The provisions of paragraphs 2–8 shall not apply to exports from Malaysia to the United States of batik cotton textile products of the cotton industry, exclusive of apparel, certified as such by the Government of Malaysia, up to a special batik limit.

- (a) For the 12-month period beginning September 1, 1970, the special batik limit shall be 1 million square yards equivalent. For each succeeding 12-month period this level shall be increased by 5 percent over the special batik limit for the previous 12-month period.
- (b) For an agreement year immediately following a year in which exports of batik products under this paragraph were below the special batik limit, exports of such products under this paragraph may exceed the special batik limit by 5 percent of the special batik limit for the preceding agreement year or the amount by which such exports were below the special batik limit for that year, whichever is less.

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

11. The Government of the United States of America shall promptly supply the Government of Malaysia with data on monthly imports of cotton textiles from Malaysia; and the Government of Malaysia 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 pertinent and readily available statistical data requested by the other Government.

12. In implementing 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 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.

13. The Government of Malaysia and the Government of the United States of America agree to consult on any question arising in the implementation of this agreement.

14. 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.

15. If the Government of Malaysia considers that, as a result of limitations specified in this agreement, Malaysia is being placed in an inequitable position vis-a-vis a third country, the Government of Malaysia may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of this agreement.

16. For the duration of this agreement, the Government of the United States of America shall not invoke the procedures of Article 3 or 6 (c) of the Long-Term Arrangement to request restraint on the export of cotton textiles from Malaysia to the United States.

17. The Government of the United States of America may assist the Government of Malaysia in implementing the limitation provisions of this agreement by controlling imports of cotton textiles covered by the agreement.

18. Either Government may terminate this agreement effective at the end of any 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 this proposal is acceptable to the Government of Malaysia, this note and your note of confirmation on behalf of the Government of Malaysia shall constitute an agreement between the Government of Malaysia and the Government of the United States of America.

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

For the Secretary of State:

JULIUS L. KATZ

Enclosure:
Annex A.

The Honorable Jamaluddin bin Haji Abu Bakar
Chargé d'Affaires ad interim of Malaysia

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

<i>Category Number</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor to Syds</i>
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	Lbs.	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	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, $\frac{3}{4}$ 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

<i>Category Number</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor to Syds</i>
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	Pyjamas and other nightwear	Dozen	51.95
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

II

KEDUTAAN BESAR MALAYSIA
WASHINGTON

EMBASSY OF MALAYSIA
WASHINGTON

September 8, 1970

Dear Mr. Secretary,

I have the honour to acknowledge the receipt of your Note of September 8, 1970, relating to exports of cotton textiles from Malaysia to the United States.

I confirm that the Government of Malaysia agrees to the proposal set forth in your Note and that Your Excellency's Note and this reply constitute an agreement between our Governments.

Accept, Mr. Secretary, the renewed assurances of my highest consideration.

[Signed]

JAMALUDDIN BIN HAJI ABU BAKAR
Chargé d'Affaires, a.i.

The Honourable William P. Rogers
Secretary of State
United States Department of State
Washington, D.C.