

No. 13959

UNITED STATES OF AMERICA
and
INDIA

**Exchange of notes constituting an agreement relating to trade
in cotton textiles (with annex and related letter). Wash-
ington, 6 August 1974**

Authentic text: English.

Registered by the United States of America on 7 May 1975.

ÉTATS-UNIS D'AMÉRIQUE
et
INDE

**Échange de notes constituant un accord relatif au commerce
des textiles de coton (avec annexe et lettre connexe).
Washington, 6 août 1974**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 7 mai 1975.

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

I

The Secretary of State to the Indian Ambassador

August 6, 1974

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles (hereafter referred to as the Arrangement), done in Geneva on December 20, 1973.²

I also refer to recent discussions between our two Governments concerning the export of cotton textiles from India to the United States. As a result of these discussions, I have the honor to propose under article 4 and in conformity with the Arrangement the following Agreement relating to trade in cotton textiles between India and the United States:

1. The term of this Agreement shall be from October 1, 1973 through September 30, 1977. During the term of this Agreement, the Government of India will limit annual exports of cotton textiles from India to the United States to aggregate, group, and specific limits at the levels specified in this Agreement.

2. For the first agreement year, constituting the 12-month period beginning October 1, 1973, the aggregate limit shall be 152 million square yards equivalent.

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

<i>Group</i>	<i>In Square Yards Equivalent</i>
I (Categories 1-27)	119 million
II (Categories 28-64)	33 million

4. *a.* Within the aggregate limit and the applicable group limit, the following specific limits shall apply for the first agreement year.

<i>Group I</i>	<i>In Square Yards</i>
Categories 9/10	38,000,000
Categories 18/19	8,000,000
Category 26 (other than duck)	35,000,000

<i>Group II</i>	<i>In Square Yards Equivalent</i>
Categories 28/29	7,000,000
Category 31	8,870,000
	(of which not more than 5,322,000 shall be in terry towels)
Categories 34/35	8,000,000

¹ Came into force on 6 August 1974 by the exchange of the said notes, with retroactive effect from 1 October 1973, in accordance with paragraph 1.

² United Nations, *Treaty Series*, vol. 930, p. 166

b. Within the aggregate limit and group limit for group I, annual limits shall be established each year for consultation categories 22 and 26 (duck) by consultations between the Governments of India and the United States. Such limits are not affected by the provisions in this Agreement for growth (paragraph 8), swing (paragraph 5), carryover and carry forward (paragraph 7). For the agreement year beginning October 1, 1973, the limits for these categories shall be as follows:

	<i>Square Yards</i>
Category 22	24,000,000
Category 26 (Duck)	14,000,000

5. Within the aggregate limit, the group limits for group I and group II may be exceeded by not more than 10 percent. Within the applicable group limit as it may be adjusted under this provision the specific limits, listed in paragraph 4(a), may each be exceeded by not more than 10 percent; provided, however, that should specific limits be established for any apparel categories (i.e., categories 39-63) such limits may be exceeded by not more than 7 percent.

6. Within each group limit and taking into account the following concentration provision, the amount 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 of undue concentration in exports to the United States of cotton textiles from India in any category not given a specific limit, the Government of the United States of America may request consultation with the Government of India to determine an appropriate course of action. Until a mutually satisfactory solution is reached, the Government of India shall limit exports in the category in question to the United States starting with the 12-month period beginning on the date of the request for consultation. This limit shall be 107 percent of the exports of such products to the United States during the most recent 12-month period preceding the request for consultation for which statistics are available to our two Governments.

7. a. Beginning with the second agreement year, and for each succeeding agreement year, exports may exceed by a maximum of 10 percent of the aggregate limit, any group or specific limit by allocating to the limits for that agreement year any unused portion of the previous agreement year's applicable limit (carryover) or a portion of the applicable limit for the succeeding agreement year (carry forward).

b. Carry forward shall be limited to a maximum of 5 percent of the applicable limits of the receiving year* and shall be charged against the same limits of the succeeding agreement year.

c. For purposes of this Agreement, a shortfall occurs when exports from India to the United States during an agreement year are below the aggregate limit and any group or specific limit in this Agreement or the Agreement effected by exchange of notes dated September 28, 1970.¹ The Government of India may permit exports to exceed the aggregate, group or specific limits by the amounts in (a) of this paragraph by carryover of shortfalls in the following 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
- ii. In the case of shortfalls in the categories (or combination of categories) subject to specific limits, the shortfall shall be used in the same category (or combination of categories) in which the shortfall occurred; and
- iii. In the case of shortfalls not attributable to categories (or combination of categories) subject to specific limits, the carryover shall be used in the same group in which the shortfall occurred and shall not be used to exceed any applicable specific limit except in accordance

* Year whose limits are to be adjusted by carryover and/or carry forward.

¹ United Nations, *Treaty Series*, vol. 776, p. 3

with the provision of paragraph 5, and shall not affect any consultation arrangements made pursuant to paragraph 4.

d. The limits referred to in subparagraphs (a), (b) and (c) of this paragraph are without any adjustments under this paragraph or paragraph 5 above.

e. The total adjustment under this paragraph shall be in addition to the adjustments permitted by paragraph 5 above to the limits for any agreement year.

8. In the second and any succeeding agreement year for which any limitation is in force under paragraphs 1–7 of this Agreement, except for the consultation levels under paragraph 4(b), the level of exports permitted under such limitations shall be increased by 7 % of the corresponding level for the preceding agreement year, the latter level not to include any adjustments under paragraph 5 or 7.

9. The Government of India shall use its best efforts to space exports of cotton textiles from India 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 the 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 India with data on monthly imports of cotton textiles from India in accordance with the categories listed in annex A. The Government of India shall promptly supply the Government of the United States of America with data on monthly exports of cotton textiles to the United States, in accordance with the categories listed in annex A. 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 yards equivalent 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 weight or chief value criterion provided for in article 12 of the Arrangement is used, the chief value criterion used by the Government of the United States of America shall apply.

12. The Government of the United States of America and the Government of India agree to consult on any question arising in the implementation of this Agreement.

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 having regard to the provisions of the Arrangement, the Government of India considers that as a result of limitations specified in this Agreement, India is being placed in an inequitable position vis-a-vis a third country, the Government of India 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. 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 India to the United States under the procedures of article 3 of the Arrangement. The applicability of the Arrangement to trade in textiles between India and the United States shall be otherwise unaffected by this Agreement.

16. 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.

17. With reference to the provisions of article 12, paragraph 3, of the Arrangement, "India Items" are not within the purview of this Agreement. "India Items" are defined as those items that are uniquely and historically traditional Indian products cut, sewn or otherwise fabricated by hand in cottages, which are units of the cottage industry. A list of items with definitions, identified by representatives of both Governments as Indian Items, will serve as a

basis for implementing this provision of the Arrangement. Additional items may subsequently be added to this list by mutual agreement.

18. A visa system and a certification system covering hand loomed products and "India Items" will be implemented by an administrative arrangement.

If the foregoing proposal is acceptable to your Government, this note and your Excellency's note of confirmation on behalf of the Government of India shall constitute an Agreement between our Governments.

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

For the Secretary of State:

THOMAS O. ENDERS

His Excellency T. N. Kaul
Ambassador of India

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	lbs.	3.17

<i>Category Number</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion Factor to Syds.</i>
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	2T-shirt, 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 beachrobes, 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 bricfs, knit, n.e.s.	Dozen	5.0
59	All other underwear, not knit	Dozen	16.0
60	Pajamas 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

AMBASSADOR OF INDIA
WASHINGTON, D.C.

August 6, 1974

Excellency:

I have the honour to refer to your note of August 6, 1974 proposing an Agreement relating to trade in cotton textiles between India and the United States.

I confirm, on behalf of the Government of India, that the proposal set forth in your note is acceptable to my Government and that your note and this note in reply shall constitute an Agreement between our two Governments.

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

[Signed — Signé]¹
Ambassador of India

The Honorable Henry Kissinger
Secretary of State of the United States of America
Washington, D.C.

RELATED LETTER

January 30, 1974

Dear Mr. Minister:

Following the recent discussions between representatives of our two Governments, I have the pleasure to inform you that, in addition to, and outside of, any levels provided for in bilateral agreements between our two Governments, the Government of India may permit the exportation of a total of 15,000,000 square yards equivalent of cotton textiles in categories 9/10, 18/19, 22 and 26 for the period extending from October 1, 1973 through September 30, 1974, avoiding undue concentration on any one of the categories.

With respect to the agreement year beginning October 1, 1974, the Government of India may permit the exportation of 5,000,000 square yards equivalent total for the same categories in excess of the then applicable aggregate and group limit for the above categories unless the United States Government advises the Government of India that there has been, or is likely to be, a significant downturn in the United States market for such products. In addition, with respect to the same agreement year (the twelve-month period beginning October 1, 1974), the United States will consider a further request by the Indian Government to export an additional 10,000,000 square yards equivalent in the same categories in excess of the then applicable aggregate and group limits.

If I can provide you with any further information on this matter, I hope you will not hesitate to let me know.

Sincerely,

[Signed]
MICHAEL B. SMITH
Assistant Chief
Fibers and Textiles Division

Mr. G. V. Ramakrishna
Economic Minister
Embassy of India
Washington, D.C.

¹ Signed by Triloki Nath Kaul— Signé par Triloki Nath Kaul.