

No. 15114

**UNITED STATES OF AMERICA
and
PHILIPPINES**

Exchange of notes constituting an agreement relating to trade in cotton, wool and man-made fiber textiles and textile products (with annexes). Manila, 15 October 1975

Authentic text: English.

Registered by the United States of America on 10 November 1976.

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

Échange de notes constituant un accord relatif au commerce des textiles de coton, de laine et de fibres synthétiques et des produits textiles (avec annexes). Manille, 15 octobre 1975

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 10 novembre 1976.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT'
BETWEEN THE UNITED STATES OF AMERICA AND THE PHILIPPINES
RELATING TO TRADE IN COTTON, WOOL AND
MANMADE FIBER TEXTILES AND TEXTILE PRODUCTS

I

The American Ambassador to the Philippine Acting Secretary of Foreign Affairs

October 15, 1975

No. 739

Excellency:

I refer to the Arrangement Regarding International Trade in Textiles done at Geneva on December 20, 1973,² hereinafter referred to as the Arrangement. I also refer to recent discussions between Representatives of our two Governments concerning exports of cotton, wool and man-made fiber textiles and textile products from the Republic of the Philippines to the United States of America. As a result of these discussions and in conformity with articles 2, 4 and 6 of the Arrangement, I wish to propose the following Agreement relating to trade in cotton, wool and man-made fiber textiles and textile products between the Republic of the Philippines and the United States of America, to replace and supersede, effective October 1, 1975, the Cotton Textile Agreement of September 27, 1967,* as amended and extended:¹

1. The term of this Agreement shall be from October 1, 1975, through September 30, 1978. During such term, the Government of the Philippines shall limit annual exports of cotton, wool and man-made fiber textiles from the Philippines to the United States of America to the aggregate, group and specific limits at the levels specified in, and in accordance with, the following paragraphs.

2. For the first agreement year, constituting the 12-month period beginning October 1, 1975, the aggregate limit shall be 189,000,000 square yards equivalent.

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

	<i>Square yards equivalent</i>
<i>Group I.</i> Traditional items, which are defined as infants, garments up to and including size 6X and classified in Categories 52, 53, 54, 59, 62, 63, 216, 220, 221, 222, 223, 224, 228, 230, 233, 239 and 240.	113,000,000
<i>Group II.</i> Non-traditional apparel, made-up and miscellaneous manufactures classified in Categories 28-64, 111-128, 131, 132 and 214-243	76,000,000

4. Within the aggregate limit the Government of the Republic of the Philippines may export, in any agreement year, up to 20,000,000 square yards equivalent of yarn and fabric (i.e., Categories 1-27, 101-110 and 200-213), provided, however, that exports in any single cot-

* Should read: "21 September 1967".

¹ Came into force on 15 October 1975 by the exchange of the said notes, with retroactive effect from 1 October 1975, in accordance with their provisions.

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

³ *Ibid.*, vol. 693, p. 123, and annex A in volumes 697, 776 and 937.

ton and man-made fiber yarn and fabric category may not exceed 3,000,000 square yards equivalent except by mutual agreement by the two Governments, and exports of wool yarn and wool fabric may not exceed 100,000 square yards per category, except by mutual agreement.

5. Within the applicable group limit, the following specific limits shall apply for the first agreement year:

	<i>Level</i>	
<i>Traditional categories</i>		
53	221,337	Doz.
221	217,391	Doz.
222	112,360	Doz.
230	580,000	Doz.
<i>Non-traditional categories</i>		
39	386,952	Doz.
45/46/47	3,500,000	Sye
49	40,000	Doz.
50	100,000	Doz.
51	100,000	Doz.
214	1,000,000	Doz. pr.
219	5,987,379	Sye
224 (part)	384,615	Lbs.
of which 224 (suits)	100,000	Lbs.
of which 224 (suit-type coats)	100,000	Lbs.
225	2,500,000	Doz.
229	200,000	Doz.
235	30,000	Doz.
237	15,000	Doz.

6. Within the group limits, categories given specific ceilings may be exceeded in any agreement year by 7 percent.

7. (a) Categories not given specific limits are subject to consultation levels and to the aggregate and applicable group limits. In the event the Government of the Republic of the Philippines wishes to permit exports to the United States in any category, in excess of the applicable consultation level during any agreement year (as modified by paragraph 7(b)), the Government of the Republic of the Philippines shall request consultations with the Government of the United States on this question.

The Government of the United States will consider each request sympathetically and will deny such request only when there are problems of market disruption in the category or product concerned. In denying a request the Government of the United States will supply to the Government of the Republic of the Philippines the data upon which the decision of the Government of the United States was based.

Except as otherwise designated in annex A, the consultation level for traditional and non-traditional apparel categories shall be 700,000 square yards equivalent for cotton and man-made fiber apparel. For non-apparel categories, the consultation levels shall be 1,000,000 square yards equivalent. For all wool categories except those designated in annex A, the consultation level shall be 100,000 square yards.

(b) In the event the Government of the Republic of the Philippines desires to permit exports in the traditional consultation categories as set forth in Group I to exceed in any agreement year 110 percent of the Group I category consultation levels, it shall so notify the Government of the United States. Upon receipt of such notification, the Government of the United States 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 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 applicable consultation levels set forth in paragraph 7(a) or in annex A.

(c) In the event the Government of the Republic of the Philippines should desire to ship non-traditional items in any category listed in Group I, it may do so as long as the amount shipped in any such category does not exceed 700,000 square yards equivalent and does not result in the Group II limit being exceeded. In the event the Government of the Republic of the Philippines desires to permit exports of such items to exceed this limit during any agreement year, the consultation procedures of paragraph 7(a) shall apply.

8. In the second and third agreement years the aggregate, group and specific limits shall be increased by 7 percent over the applicable limits for the preceding year.

9. (a) In any agreement year, exports may exceed by a maximum of 11 percent the aggregate limit and any group or specific limit by allocating to the limits for that year an unused portion of the applicable limit for the previous agreement year (carryover) or a portion of the applicable limit for the succeeding agreement year (carry forward):

- (i) carryover may be utilized as available up to 11 percent of the receiving year's applicable limits;
- (ii) carry forward may be utilized up to 6 percent of the receiving year's applicable limits and charged against the next year's applicable limits;
- (iii) the combination of carryover and carry forward may not exceed 11 percent of the receiving year's applicable limits in any agreement year.

(b) For the purpose of this Agreement, a shortfall occurs when exports from the Philippines to the United States during an agreement year are below the aggregate limits in this Agreement. In the agreement year following the shortfall, exports from the Philippines may be permitted to exceed the aggregate, group, and specific limits in accordance with the provisions of sub-paragraphs (a) and (b) of this paragraph by carryover of shortfalls in the following manner:

- (i) the carryover shall not exceed the amount of 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 shortfalls 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.

(c) The limits referred to in sub-paragraphs (a) and (b) of this paragraph are without any adjustments under this paragraph or paragraph 6 above.

(d) The total adjustments under this paragraph shall be in addition to the adjustments permitted by paragraph 6 to the limits for any year.

10. (a) Notwithstanding any other provisions of this Agreement, during the first agreement year the Government of the Philippines may charge against the limits for Categories 50 and 51 (trousers) cotton jackets (other than suit type jackets) exported as sets at the square yard equivalent conversion rate established in annex B for Category 49. Data on the number of such sets exported shall be separately reported by the Government of the Republic of the Philippines to the Government of the United States of America each month.

b) At the end of the first agreement year, the two Governments shall consider this provision to determine whether it may be continued.

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

12. 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 Republic of the Philippines with data on monthly imports of cotton, wool and man-made fiber textiles from the Philippines. The Government of the Republic of the Philippines shall promptly supply the Government of the United States of America with data on monthly exports of such textiles to the United States. Each Government agrees to supply promptly any other available relevant statistical data requested by the other Government.

13. (a) In implementing this Agreement, the system of categories and the rates of conversion into square yards equivalent listed in the annex B hereto shall apply, except as elsewhere noted.

(b) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product, are subject to this Agreement.

(c) For purposes of this Agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of either of these fibers. All other products described in subparagraph (b) of this paragraph shall be classified as:

- (i) cotton textiles if containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the wool and/or the man-made fiber component;
- (ii) wool textiles if not cotton, and the wool equals or exceeds 17 percent by weight of all component fibers;
- (iii) man-made fiber textiles if neither of the foregoing applies.

14. In conformity with article 12, paragraph (3), of the Arrangement, and subject to the establishment of a mutually agreed upon list and certification system, Philippine exports to the United States of America of handloom fabrics of the cottage industry, or hand-made cottage industry products of such handloom fabrics, or traditional folklore handicraft textile products shall not be subject to the provisions of this Agreement.

15. Shipments of textiles and apparel from the Philippines to the United States valued at less than \$250.00 shall not be charged to the limits of this Agreement.

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 and operation.

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

18. If, having regard to the provisions of the Arrangement, the Government of the Republic of the Philippines considers that as a result of limitations specified in this Agreement, the Republic of the Philippines is being placed in an inequitable position vis-à-vis a third country, the Government of the Republic of the Philippines 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.

19. For the duration of this Agreement, the Government of the United States of America shall not invoke the procedures of article 3 of the Arrangement to request restraint on the export of cotton, wool and man-made fiber textiles from the Republic of the Philippines to the United States. Each Government reserves its right under the Arrangement with respect to textile products not subject to this Agreement.

20. 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 this proposal is acceptable to the Government of the Republic of the Philippines, this note and your note of confirmation on behalf of the Government of the Republic of the Philippines shall constitute an agreement between the Government of the United States of America and the Government of the Republic of the Philippines.

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

WILLIAM H. SULLIVAN

His Excellency Manuel Collantes
Acting Secretary of Foreign Affairs
of the Philippines

ANNEX A

(DESIGNATED ANNUAL CONSULTATION LEVELS PURSUANT TO PARAGRAPH 7 (a) OF THE AGREEMENT)

	<i>Level</i>
<i>Traditional categories</i>	
54	93,598 Doz.
62 ¹	422,130 Doz.
63 (part) ¹	665,839 Doz.
216	135,000 Doz.
224 (part) ¹	1,105,217 Doz.
228	124,000 Doz.
233	390,000 Doz.
240 (part) ¹	2,000,000 Doz.
<i>Non-traditional categories</i>	
32	800,000 Doz.
42	200,000 Doz.
43/62 (part) ²	250,000 Doz.
44	27,173 Doz.
60	25,000 Doz.
61	500,000 Doz.
63 (part)	832,486 Lbs.
121 (exports in this category shall be limited to CPO Jackets)	750,000 Sye
125	250,000 Sye
217	50,000 Doz.
223	300,000 Doz.
232	20,000 Doz.
238	50,000 Doz.
240 (part)	2,000,000 Sye

¹ A factor of 1.74 pounds equals one dozen shall be used to convert pounds to dozen for traditional items in Categories 62, 63, 224, and 240, subject to revision based on new definition of infants' wear considered as traditional items in the Agreement. In the event of such revision, the number of dozens for traditional items in these categories will not be changed.

² Category 62 (part) includes non-traditional blouses and shirts in TSUSA numbers 380.0027, 382.0002, 382.0026, 382.0605 and 382.0610 to be reported in dozens and converted into square yard equivalents at the same rate as Category 43.

ANNEX B

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion factor</i>
1.	Cotton yarn, singles, carded, not ornamented, etc.	Lb.	4.6
2.	Cotton yarn, plied, carded not ornamented, etc.	Lb.	4.6
3.	Cotton yarn, singles, combed, not ornamented, etc.	Lb.	4.6
4.	Cotton yarn, plied, combed, not ornamented, etc.	Lb.	4.6
5.	Ginghams, carded yarn	Syd.	1.0
6.	Ginghams, combed yarn	Syd.	1.0
7.	Velveteens	Syd.	1.0
8.	Corduroy	Syd.	1.0
9.	Sheeting, carded yarn	Syd.	1.0
10.	Sheeting, combed yarn	Syd.	1.0
11.	Lawns, carded yarn	Syd.	1.0
12.	Lawns, combed yarn	Syd.	1.0
13.	Voiles, carded yarn	Syd.	1.0
14.	Voiles, combed yarn	Syd.	1.0
15.	Poplin and broadcloth, carded yarn	Syd.	1.0
16.	Poplin and broadcloth, combed yarn	Syd.	1.0
17.	Typewriter ribbon cloth	Syd.	1.0
18.	Print cloth, shirting type, 80 × 80 type, carded yarn	Syd.	1.0
19.	Print cloth, shirting type, other than 80 × 80 type, carded yarn	Syd.	1.0
20.	Shirting, carded yarn	Syd.	1.0
21.	Shirting, combed yarn	Syd.	1.0
22.	Twill and sateen, carded yarn	Syd.	1.0
23.	Twill and sateen, combed yarn	Syd.	1.0
24.	Yarn-dyed fabrics, n.e.s., carded yarn	Syd.	1.0
25.	Yarn-dyed fabrics, n.e.s., combed yarn	Syd.	1.0
26.	Fabrics, n.e.s., carded yarn	Syd.	1.0
27.	Fabrics, n.e.s., combed yarn	Syd.	1.0
28.	Pillowcases, plain, carded yarn	No.	1.084
29.	Pillowcases, plain, combed yarn	No.	1.084
30.	Dish towels	No.	0.348
31.	Towels, other than dish towels	No.	0.348
32.	Handkerchiefs	Doz.	1.66
33.	Table damasks and manufactures	Lb.	3.17
34.	Sheets, carded yarn	No.	6.2
35.	Sheets, combed yarn	No.	6.2
36.	Bedspreads, including quilts	No.	6.9
37.	Braided and woven elastics	Lb.	4.6
38.	Fishing nets	Lb.	4.6
39.	Gloves and mittens	Doz. pr.	3.527
40.	Hose and half-hose	Doz. pr.	4.6
41.	Men's and boys' all-white T-shirts, knits or crocheted	Doz.	7.234
42.	Other T-shirts	Doz.	7.234
43.	Knitshirts, other than T-shirts and sweatshirts (including infants')	Doz.	7.234
44.	Sweaters and cardigans	Doz.	36.8
45.	Men's and boys' shirts, dress, not knit or crocheted	Doz.	22.186
46.	Men's and boys' shirts, sport, not knit or crocheted	Doz.	24.457
47.	Men's and boys' shirts, work, not knit or crocheted	Doz.	22.186
48.	Raincoats, ¾ length or over	Doz.	50.0
49.	All other coats	Doz.	32.5
50.	Men's and boys' trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted	Doz.	17.797
51.	Women's, misses' and children's trousers, slacks and shorts, outer, whether or not in sets, not knit or crocheted	Doz.	17.797
52.	Blouses, whether or not in sets	Doz.	14.53
53.	Women's, misses', children's and infants' dresses (including nurses', and other uniform dresses), not knit or crocheted	Doz.	45.3

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion factor</i>
54.	Playsuits, sunsuits, washsuits, creepers, rompers, etc. (except blouses and shorts; blouses and trousers; or blouses, shorts and skirt sets)	Doz.	25.0
55.	Dressing gowns, including bathrobes and beachrobes, lounging gowns, dusters and housecoats, not knit or crocheted	Doz.	51.0
56.	Men's and boys' undershirts (not T-shirts)	Doz.	9.2
57.	Men's and boys' briefs and undershorts	Doz.	11.25
58.	Drawers, shorts and briefs (except men's and boys' briefs), knit or crocheted	Doz.	5.0
59.	All other underwear, not knit or crocheted	Doz.	16.0
60.	Nightwear and pajamas	Doz.	51.96
61.	Brassieres and other body-supporting garments	Doz.	4.75
62.	Other knitted or crocheted clothing	Lb.	4.6
63.	Other clothing, not knit, or crocheted	Lb.	4.6
64.	All other cotton textile items	Lb.	4.6
101.	Wool tops and wool advanced	Lb.	1.95
102.	Yarns of Angora Rabbit hair	Lb.	1.95
103.	Other yarns of wool and hair	Lb.	1.95
104.	Woven fabrics of wool, including blankets (carriage robes, lap robes, steamer rugs, etc.) over 3 yards in length	Syd.	1.0
105.	Billiard cloth	Syd.	1.0
106.	Blankets	Lb.	1.295
107.	Carriage and auto robes, etc., n.e.s.	Lb.	1.295
108.	Tapestries and upholstery fabrics	Syd.	1.0
109.	Pile and tufted fabrics	Syd.	1.0
110.	Knit fabrics in the piece	Lb.	1.95
111.	Hosiery	Doz. pr.	2.7814
112.	Gloves and mittens	Doz. pr.	2.093
113.	Underwear, knit	Lb.	1.95
114.	Other infants' articles, knit not ornamented	Lb.	1.95
115.	Knit hats and similar items	Lb.	1.95
116.	Knit wearing apparel, n.e.s., valued not over \$5 per pound	Lb.	1.95
117.	Knit wearing apparel, n.e.s., valued over \$5 per pound	Lb.	1.95
118.	Hats, caps, not blocked	Lb.	1.95
119.	Hats, caps, blocked, finished	Lb.	1.95
120.	Men's and boys' suits	No.	4.5
121.	Men's and boys' outer coats	No.	4.5
122.	Women's, misses', and children's coats and suits	No.	4.75
123.	Women's, misses', and children's separate skirts	No.	1.5
124.	Trousers, slacks and shorts	No.	1.5
125.	Articles of wearing apparel, n.e.s.	Lb.	2.0
126.	Lace and net articles including veiling	Lb.	1.95
128.	Miscellaneous manufactures of wool	Lb.	1.95
131.	Braided floor coverings	Sft.	0.11
132.	Wool floor coverings, n.e.s.	Sft.	0.11
200.	Textured yarns	Lb.	3.51
201.	Yarn wholly of continuous filament, cellulosic	Lb.	5.19
202.	Yarn wholly of continuous filament, other	Lb.	11.6
203.	Yarn wholly of non-continuous filament, cellulosic	Lb.	3.4
204.	Yarn wholly of non-continuous filament, other	Lb.	4.12
205.	Yarns, other	Lb.	3.51
206.	Woven fabrics, cellulosic, wholly of continuous man-made fiber	Syd.	1.0
207.	Woven fabrics, cellulosic, wholly made of non-continuous fibers	Syd.	1.0
208.	Woven fabrics, other, wholly of continuous man-made fibers	Syd.	1.0
209.	Woven fabrics, other, wholly of non-continuous fibers	Syd.	1.0
210.	Woven fabrics, other, of man-made fibers	Syd.	1.0
211.	Knit fabrics	Lb.	7.8
212.	Pile and tufted fabrics	Syd.	1.0
213.	Specialty fabrics	Lb.	7.8

Category	Description	Unit	Conversion factor
214.	Gloves and mittens, knit, whether or not ornamented	Doz. pr.	3.53
215.	Hosiery	Doz. pr.	4.6
216.	Dresses, knit	Doz.	45.3
217.	Pajamas and other nightwear, knit	Doz.	51.96
218.	T-shirts, knit	Doz.	7.24
219.	Shirts, other (including blouses), knit	Doz.	18.36
220.	Skirts, knit	Doz.	17.8
221.	Sweaters and cardigans, knit	Doz.	36.8
222.	Trousers, slacks, and shorts, knit, women's, girls' and infants'	Doz.	17.8
223.	Underwear, knit	Doz.	16.0
224.	Other wearing apparel, knit whether or not ornamented	Lb.	7.8
225.	Body-supporting garments	Doz.	4.75
226.	Handkerchiefs	Doz.	1.66
227.	Mufflers, scarves and shawls, not knit	Lb.	7.8
228.	Blouses, not knit	Doz.	14.53
229.	Coats, not knit	Doz.	41.25
230.	Dresses, not knit	Doz.	45.3
231.	Dressing gowns, including bathrobes and beachrobes, not knit	Doz.	51.0
232.	Pajamas and other nightwear, not knit	Doz.	51.96
233.	Playsuits, sunsuits, washsuits, etc., not knit	Doz.	21.3
234.	Dress shirts, not knit	Doz.	22.19
235.	Shirts, other, not knit	Doz.	24.46
236.	Skirts, not knit	Doz.	17.8
237.	Suits, not knit	No.	4.5
238.	Trousers, slacks and shorts, not knit	Doz.	17.8
239.	Underwear, not knit	Doz.	16.0
240.	Other wearing apparel, not knit, whether or not ornamented	Lb.	7.8
241.	Floor coverings	Sft.	0.11
242.	Other furnishings	Lb.	7.8
243.	Manufactures, n.e.s. of man-made fiber	Lb.	7.8

II

REPUBLICA NG PILIPINAS
KAGAWARAN NG SULIRANING PANLABAS
MAYNILA¹

Manila, 15 October 1975

27399

Excellency,

I have the honor to acknowledge receipt of Your Excellency's Note of today's date which reads as follows:

[See note I]

I have further the honor to confirm on behalf of the Government of the Republic of the Philippines the Agreement set forth in Your Excellency's Note.

¹ Republic of the Philippines, Department of Foreign Affairs, Manila.

It is the understanding of my Government that nothing in the foregoing Agreement excludes the possibility of consultations, at the instance of either Government, on specific category limitations established thereby.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

[Signed]

MANUEL COLLANTES
Acting Secretary of Foreign Affairs

His Excellency William H. Sullivan
Ambassador of the United States of America
to the Republic of the Philippines
Manila

[Annexes as under note I]
