

No. 16608

**UNITED STATES OF AMERICA
and
BRAZIL**

**Exchange of notes constituting an agreement relating to
trade in cotton textiles (with annex). Brasília, 22 April
1976**

Authentic texts: English and Portuguese.

Registered by the United States of America on 27 April 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
BRÉSIL**

**Échange de notes constituant un accord relatif au commerce
des textiles de coton (avec annexe). Brasília, 22 avril
1976**

Textes authentiques : anglais et portugais.

Enregistré par les États-Unis d'Amérique le 27 avril 1978.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND BRAZIL RELATING TO TRADE IN COTTON TEXTILES

I

The American Chargé d'affaires ad interim to the Brazilian Minister of External Relations

No. 172

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles done at Geneva on December 20, 1973.² I also refer to recent discussions between representatives of our two governments concerning exports of textiles and textile products from Brazil to the United States of America. As a result of these discussions and in conformity with Articles 2, 4 and 6 of the Arrangement Regarding International Trade in Textiles, I wish to propose the following Agreement Relating to Trade in Textiles and Textile Products between Brazil and the United States of America, hereinafter referred to as the Agreement, to replace and supersede, effective April 1, 1976, the Cotton Textile Agreement of October 23, 1970, as amended.³

1. The term of this agreement shall be from April 1, 1976, through March 31, 1979. During such term, the Government of the Federative Republic of Brazil will limit annual exports of cotton textiles and textile products from Brazil to the United States of America to aggregate and specific limits at the levels specified in the following paragraphs.

2. During the first year of the agreement, constituting the twelve-month period from April 1, 1976, through March 31, 1977, the Government of the Federative Republic of Brazil shall limit annual exports of cotton textiles from Brazil to the United States of America to an aggregate limit of 114,000,000 square yards equivalent.

3. Within the aggregate limits, group limits for the first agreement year shall be:

Group I, yarn (categories 1-4) 40 million square yards equivalent

Group II, fabrics (categories 5-27) 49 million square yards equivalent

Group III, apparel, made-ups and miscellaneous (categories 28-64) 25 million square yards equivalent.

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

	<i>In units</i>	<i>In square yards equivalent</i>
A. Group I:		
Categories 1-4	8,695,652 pounds	40,000,000
B. Group II:		
Category 9		15,300,000
Categories 18/19		12,900,000
Categories 22/23		5,700,000
Category 26 (duck)		3,200,000
Categories 26/27 (other than duck)		8,300,000

¹ Came into force on 22 April 1976 by the exchange of the said notes, with retroactive effect from 1 April 1976, in accordance with their provisions.

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

³ *Ibid.*, vol. 791, p. 327, and vol. 852, p. 312.

C. Group III:

Categories 30/31	8,620,690 pieces	3,000,000
Category 43	141,968 dozen	1,027,000
Category 44	40,761 dozen	1,500,000
Category 45	81,000 dozen	1,797,066
Category 46	90,000 dozen	2,201,130
Category 50	115,000 dozen	2,046,655
Category 51	84,284 dozen	1,500,000
Category 55	30,000 dozen	1,530,000
Category 56	100,000 dozen	920,000
Category 62	213,043 pounds	980,000
Category 64 (terry)	630,435 pounds	2,900,000
Category 64 (rugs)	434,783 pounds	2,000,000

5. Within the aggregate limit, export limits in Groups I and II may be exceeded by not more than 15 percent and Group III may be exceeded by 7 percent. Within the applicable group limits, specific limits may be exceeded by 10 percent in Group II and by 7 percent in Group III.

6. Within the group limits, exports in individual categories without specific limits shall be subject to category consultation levels. For categories not given specific ceilings, the annual consultation levels shall be 1,000,000 square yards equivalent for each non-apparel category and 700,000 square yards equivalent for each apparel category.

In the event the Government of the Federative Republic of Brazil wishes to export to the United States of America textile products in excess of the applicable consultation levels, the Government of the Federative Republic of Brazil shall request the higher levels and the Government of the United States of America shall consider the request sympathetically and shall respond promptly. If, because of problems of market disruption as defined in Annex A of the Arrangement Regarding International Trade in Textiles in the United States of America in a category subject to such request, the United States of America is unable to comply fully, the United States of America will so inform the Government of the Federative Republic of Brazil and will supply data which form the basis of the position taken by the United States of America. If requested by the Government of the Federative Republic of Brazil, the Government of the United States of America will consult promptly. Until a mutually satisfactory change in the consultation level of the category in question is established, shipments shall not exceed the existing consultation level.

7. The aggregate, group and specific limits shall be increased in the second and third agreement years by seven percent annually.

8. (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 limit 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 purposes of this agreement, a shortfall occurs when exports from Brazil to the United States of America during an agreement year are below the aggregate limit. Carryover in specific and group limits may be used only to the extent of shortfall in each limit.

(C) Carryover and carry forward shall not be used to exceed any category consultation level except in accordance with the consultation procedures.

(D) The limits referred to in subparagraph (A) and (B) of this paragraph are without any adjustments hereunder, except that carryover and carry forward shall be in addition to the adjustments permitted by paragraphs 5 and 7 to the applicable limits during each agreement year.

9. In implementing this agreement, the system of categories and the rates of conversion into square yards equivalent listed in the 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 chief weight or chief value criterion provided for in Article 12 of the Arrangement Regarding International Trade in Textiles applies, the chief value criterion used by the Government of the United States of America shall apply.

10. The Government of the Federative Republic of Brazil shall use its best efforts to space exports from Brazil 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 the Federative Republic of Brazil with data on monthly imports of cotton textiles from Brazil; and the Government of the Federative Republic of Brazil 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. The Government of the Federative Republic of Brazil and the Government of the United States of America 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 Arrangement Regarding International Trade in Textiles, the Government of the Federative Republic of Brazil considers that, as a result of limitations specified in this agreement, Brazil is being placed in an inequitable position *vis-à-vis* a third country, the Government of the Federative Republic of Brazil 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.

15. 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 Regarding International Trade in Textiles to request restraint on the export of cotton textiles from Brazil to the United States. The applicability of the Arrangement Regarding International Trade in Textiles to this trade shall otherwise be unaffected by this agreement.

16. The Government of the United States may assist the Government of the Federative Republic of Brazil in implementing the limitation provisions of this agreement by controlling imports of cotton textiles covered by the agreement.

17. 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 the foregoing proposal is acceptable to the Government of the Federative Republic of Brazil, this note and Your Excellency's note of confirmation on behalf of the Government of the Federative Republic of Brazil shall constitute an agreement between the Government of the Federative Republic of Brazil and the Government of the United States of America.

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

RICHARD E. JOHNSON

Embassy of the United States of America
Brasília, April 22, 1976.

His Excellency

Ambassador Antonio Francisco Azeredo da Silveira
Minister of External Relations
Brasília, D. F.

ANNEX A

<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
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.	0.348
31	Other towels	No.	0.348
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 nettings	Lb.	4.6

<i>Category</i>	<i>Description</i>	<i>Unit</i>	<i>Conversion factor</i>
39	Gloves and mittens	Doz. Prs.	3.527
40	Hose and half hose	Doz. Prs.	4.6
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 sweatshirts	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

[PORTUGUESE TEXT — TEXTE PORTUGUAIS]

MINISTÉRIO DAS RELACÕES EXTERIORES

Em 22 de abril de 1976

DPC/DCS/DAI/37/665.5(B46)

Senhor Encarregado de Negócios,

Tenho a honra de acusar o recebimento da Nota de Vossa Senhoria datada de 22 de abril de 1976, relativa às exportações de têxteis de algodão do Brasil para os Estados Unidos da América.

2. Confirmo que o Governo da República Federativa do Brasil concorda com a proposta contida na Nota de Vossa Senhoria e proponho que sua Nota e a presente resposta constituam um acordo entre nossos Governos.

Aproveito a oportunidade para renovar a Vossa Senhoria os protestos da minha mui distinta consideração.

A. F. AZEREDO DA SILVEIRA

Ao Senhor Richard E. Johnson
Encarregado de Negócios
dos Estados Unidos da América

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF EXTERNAL RELATIONS

April 22, 1976

DPC/DCS/DAI/37/665.5(B46)

Sir:

I have the honor to acknowledge the receipt of your note of April 22, 1976, concerning exports of cotton textiles from Brazil to the United States of America.

[2.] I hereby confirm that the Government of the Federative Republic of Brazil agrees with the proposal contained in your note, and I propose that your note and this reply shall constitute an agreement between our Governments.

I avail myself of this opportunity to renew to you the assurances of my very distinguished consideration.

A. F. AZEREDO DA SILVEIRA

Mr. Richard E. Johnson
Chargé d'affaires of the United States
of America

¹ Translation supplied by the Government of the United States of America.

² Traduction fournie par le Gouvernement des Etats-Unis d'Amérique.