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**UNITED STATES OF AMERICA
and
SRI LANKA**

**Exchange of notes constituting an agreement relating to
trade in textiles and textile products (with annexes).
Colombo, 7 July 1980**

Authentic text: English.

Registered by the United States of America on 15 April 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
SRI LANKA**

**Échange de notes constituant un accord relatif au commerce
des textiles et des produits textiles (avec annexes).
Colombo, 7 juillet 1980**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 15 avril 1982.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND SRI
LANKA RELATING TO TRADE IN TEXTILES AND TEXTILE
PRODUCTS

I

*The American Ambassador to the Sri Lankan Secretary,
Ministry of Trade and Shipping*

EMBASSY OF THE UNITED STATES OF AMERICA

Colombo, July 7, 1980

Dear Sir,

I have the honor to refer to the arrangement regarding international trade in textiles with annexes (hereinafter referred to as the Arrangement), done at Geneva on December 20, 1973,² and extended by protocol on December 14, 1977.³ I have also the honor to refer to discussions between representatives of the Government of the United States of America and the Government of Sri Lanka in Colombo March 24-30, 1980 and in Washington, D.C. April 21-25, 1980, concerning exports to the United States of cotton, wool, and man-made fiber textiles and textile products manufactured in Sri Lanka. As a result of these discussions, and in conformity with Article Four of the Arrangement, I have the honor to propose the following agreement relating to trade in cotton, wool and man-made fiber textiles and textile products between Sri Lanka and the United States of America:

1. The term of the agreement will be the three-year period from May 1, 1980 through April 30, 1983. Each "agreement year" shall commence on May 1 and end on April 30.

2. (a) The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing this agreement.

(b) For the purposes of this agreement, categories 340, 341, 640 and 641 are treated as a single category with a specific limit and sub-limits as indicated in Annex B. For the purposes of calculating permissible adjustments, the following will apply:

- (1) Any sub-limit may be exceeded by not more than 10 percent so long as the total of the sub-limits does not exceed the specific limit for the single category;
- (2) The carryover and carryforward provisions contained in paragraph 6 will apply to the sub-limits;
- (3) The provisions of paragraphs 2(b) (1) and (2) alone will apply for the first, second and third years of the agreement; however, the sub-limits for the second and third years will be negotiated annually at least 30 days prior to the completion of the preceding agreement year;
- (4) The sub-limit for sub-category 640 need not be treated as a base for subsequent negotiations.

¹ Came into force on 7 July 1980 by the exchange of the said notes, with retroactive effect from 1 May 1980, in accordance with the provisions of the said notes.

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

³ *Ibid.*, vol. 1078, p. 288.

3. Commencing with the first agreement year, and during the subsequent term of this agreement, the Government of Sri Lanka shall limit annual exports from Sri Lanka to the United States of America of cotton, wool, and man-made fiber textiles and textile products to the specific limits and sub-limits set out in Annex B, subject to the adjustments as provided in paragraphs 2, 5, and 6. The limits set out in Annex B do not include any adjustments permitted under paragraphs 2, 5, and 6.

4. The specific limits in Annex B include seven percent growth. The limits referred to in this paragraph are without adjustment under any other provision of this agreement.

5. Any specific limit may be exceeded in any agreement year by not more than 7 percent of its square yards equivalent total provided that the amount of the increase is compensated for by an equivalent decrease in one or more other specific limits. When informing the United States of adjustments under the provisions of this paragraph, Sri Lanka will indicate the category or categories to be increased and the category or categories to be decreased by commensurate quantities.

6. (a) In any agreement year, in addition to any adjustment pursuant to paragraph 5, exports may exceed by a maximum of 11 percent any specific limit or sub-limit by allocating to such limit for that agreement year an unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carryforward") subject to the following conditions:

- (1) Carryover may be utilized as available up to 11 percent of the receiving agreement year's specific limits or sub-limits, provided, however, that no carryover shall be available for application during the first agreement year;
- (2) The combination of carryover and carryforward shall not exceed 11 percent of the receiving agreement year's applicable specific limit or sub-limit in any agreement year;
- (3) Carryforward may be utilized up to 6 percent of the receiving agreement year's applicable specific limits or sub-limits and shall be charged against the immediately following agreement year's corresponding limits; no carryforward shall be available for application during the third agreement year;
- (4) Carryover of shortfall (as defined in subparagraph 6(b)) shall not be applied to any specific limits until the Governments of the United States of America and Sri Lanka have agreed upon the amounts involved.

(b) For purposes of this agreement, a shortfall occurs when exports of textiles or textile products of Sri Lanka to the United States of America during an agreement year are below any applicable specific limit. In the agreement year following the shortfall, such exports from Sri Lanka to the United States of America may be permitted to exceed the specific limits subject to conditions of sub-paragraph 6(a), by carryover of shortfalls in the following manner:

- (1) The carryover shall not exceed the amount of shortfall in any applicable specific limit;
- (2) The shortfall shall be used in the category in which the shortfall occurred.

(c) The limits referred to in sub-paragraph 6(a) and (b) are the specific limits as listed in Annex B.

(d) The total adjustment under this paragraph shall be in addition to adjustments to the specific limits permitted by paragraph 5.

(e) The total adjustment permissible under this paragraph for the first agreement year shall be 6 percent consisting solely of carry-forward.

7. (a) In the event that the Government of the United States of America believes that imports from Sri Lanka classified in any category or categories not covered by specific limits are, due to market disruption or the threat thereof, threatening to impede the orderly development of trade between the two countries, the Government of the United

States of America may request consultations with the Government of Sri Lanka with a view to avoiding such market disruption. The Government of the United States of America will provide the Government of Sri Lanka at the time of the request with the data which in the view of the Government of the United States of America shows:

- (1) The existence of market disruption, or the threat thereof, and
- (2) The role of exports from Sri Lanka in that disruption.

(b) The Government of Sri Lanka agrees to consult with the Government of the United States of America within 30 days of receipt of any request for consultations. Both Governments agree to make every effort to reach agreement on a mutually satisfactory resolution of the issue within 90 days of the receipt of such request.

(c) During that 90-day period, the Government of Sri Lanka agrees to hold its shipments to the United States in the pertinent category or categories to a level no greater than 35 percent of the amount entered in the last 12-month period for which data are available.

(d) If no mutually satisfactory solution is reached in consultation, the Government of Sri Lanka will limit its export for the succeeding 12 months in the category concerned to the latest 12 month level of imports entered for which data are available, plus 20 percent (except in the case of wool categories which shall be 3 percent).

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

9. The Government of the United States of America shall promptly supply the Government of Sri Lanka with data on monthly imports of textiles from Sri Lanka and the Government of Sri Lanka shall promptly supply the Government of the United States of America with data on monthly exports of textiles to the United States. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government.

10. (a) 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 these 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.

(b) For purposes of this agreement, textiles and textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of either of these fibers. Any products covered by sub-paragraph 10(a) but not in chief value of cotton, wool, or man-made fiber 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 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; and (III) man-made fiber textiles if neither of the foregoing applies.

11. The Government of the United States of America and the Government of Sri Lanka agree to consult on any problem or difficulty arising in the implementation of this agreement. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time on problems which have been the subject of consultations under this agreement, either Government may, after notification to the other Government, refer such problems to the textile surveillance body in accordance with Article 11 of the Arrangement.

12. 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.

13. If the Government of Sri Lanka considers that, as a result of a limitation specified in this agreement, Sri Lanka is being placed in an inequitable position vis-a-vis a third country, the Government of Sri Lanka may request consultation with the United States of America with a view to taking appropriate remedial action such as reasonable modification of this agreement and the United States Government will agree to such consultations.

14. 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 textiles and textile products covered by this agreement from Sri Lanka to the United States.

15. The Government of the United States of America may assist the Government of Sri Lanka in implementing the limitation provisions of this agreement by controlling its imports of the textiles covered by this agreement.

16. 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 Sri Lanka, this note and your note of confirmation on behalf of the Government of Sri Lanka shall constitute an agreement between the Government of Sri Lanka and the Government of the United States of America.

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

DONALD R. TOUSSAINT

Lakshman de Mel
Secretary
Ministry of Trade and Shipping
Colombo

ANNEX A

<i>Category</i>	<i>Description</i>	<i>Conversion factor</i>	<i>Unit of measure</i>
<i>Yarn</i>			
<i>Cotton</i>			
300	Carded	4.6	lb
301	Combed	4.6	lb
<i>Wool</i>			
400	Tops and yarn	2.0	lb
<i>Manmade fiber</i>			
600	Textured	3.5	lb
601	Cont. cellulosic	5.2	lb
602	Cont. noncellulosic	11.6	lb
603	Spun cellulosic	3.4	lb
604	Spun noncellulosic	4.1	lb
605	Other yarns	3.5	lb

<i>Category</i>	<i>Description</i>	<i>Conversion factor</i>	<i>Unit of measure</i>
<i>Fabric</i>			
<i>Cotton</i>			
310	Ginghams	1.0	syd
311	Velveteens	1.0	syd
312	Corduroy	1.0	syd
313	Sheeting	1.0	syd
314	Broadcloth	1.0	syd
315	Printcloths	1.0	syd
316	Shirtings	1.0	syd
317	Twills and sateens	1.0	syd
318	Yarn-dyed	1.0	syd
319	Duck	1.0	syd
320	Other fabrics, n.k.	1.0	syd
<i>Wool</i>			
410	Woolen and worsted	1.0	syd
411	Tapestries and upholstery	1.0	syd
425	Knit	2.0	lb
429	Other fabrics	1.0	syd
<i>Manmade fiber</i>			
610	Cont. cellulosic, n.k.	1.0	syd
611	Spun cellulosic, n.k.	1.0	syd
612	Cont. noncellulosic, n.k.	1.0	syd
613	Spun noncellulosic, n.k.	1.0	syd
614	Other fabrics, n.k.	1.0	syd
625	Knit	7.8	lb
626	Pile and tufted	1.0	syd
627	Specialty	7.8	lb
<i>Apparel</i>			
<i>Cotton</i>			
330	Handkerchiefs	1.7	doz
331	Gloves	3.5	dpr
332	Hosiery	4.6	dpr
333	Suit-type coats, M and B	36.2	doz
334	Other coats, M and B	41.3	doz
335	Coats, W, G and I	41.3	doz
336	Dresses (incl. uniforms)	45.3	doz
337	Playsuits, sunsuits, washsuits, creepers	25.0	doz
338	Knit shirts, (incl. T-shirts, other and sweatshirts) M and B	7.2	doz
339	Knit shirts and blouses (incl. T-shirts, other and sweatshirts) W, G and I	7.2	doz
340	Shirts, n.k.	24.0	doz
341	Blouses, n.k.	14.5	doz
342	Skirts	17.8	doz
345	Sweaters	36.8	doz
347	Trousers, slacks, and shorts (outer) M and B	17.8	doz
348	Trousers, slacks and shorts (outer) W, G and I	17.8	doz
349	Brassieres, etc.	4.8	doz
350	Dressing gowns, incl. bathrobes, and beach robes, lounging gowns, house coats, and dusters	51.0	doz
351	Pajamas and other nightwear	52.0	doz

<i>Category</i>	<i>Description</i>	<i>Conversion factor</i>	<i>Unit of measure</i>
352	Underwear (incl. union suits)	11.0	doz
359	Other apparel	4.6	lbs
<i>Wool</i>			
431	Gloves	2.1	dpr
432	Hosiery	2.8	dpr
433	Suit-type coats, M and B	36.0	doz
434	Other coats, M and B	54.0	doz
435	Coats, W, G and I	54.0	doz
436	Dresses	49.2	doz
438	Knit shirts and blouses	15.0	doz
440	Shirts and blouses, n.k.	24.0	doz
442	Skirts	18.0	doz
443	Suits, M and B	54.0	doz
444	Suits, W, G and I	54.0	doz
445	Sweaters, M and B	14.88	doz
446	Sweaters, W, G and I	14.88	doz
447	Trousers, slacks and shorts (outer) M and B	18.0	doz
448	Trousers, slacks and shorts (outer) W, G and I ...	18.0	doz
459	Other wool apparel	2.0	lbs
<i>Manmade fiber</i>			
630	Handkerchiefs	1.7	doz
631	Gloves	3.5	dpr
632	Hosiery	4.6	dpr
633	Suit-type coats, M and B	36.2	doz
634	Other coats, M and B	41.3	doz
635	Coats, W, G and I	41.3	doz
636	Dresses	45.3	doz
637	Playsuits, sunsuits, washsuits, etc.	21.3	doz
638	Knit shirts, (incl. T-shirts), M and B	18.0	doz
639	Knit shirts and blouses (incl. T-shirts), W, G and I ..	15.0	doz
640	Shirts, n.k.	24.0	doz
641	Blouses, n.k.	14.5	doz
642	Skirts	17.8	doz
643	Suits, M and B	54.0	doz
644	Suits, W, G and I	54.0	doz
645	Sweaters, M and B	36.8	doz
646	Sweaters, W, G and I	36.8	doz
647	Trousers, slacks, and shorts (outer), M and B	17.8	doz
648	Trousers, slacks and shorts (outer), W, G and I	17.8	doz
649	Brassieres, etc.	4.8	doz
650	Dressing gowns, incl. bath and beach robes	51.0	doz
651	Pajamas and other nightwear	52.0	doz
652	Underwear	16.0	doz
659	Other apparel	7.8	lbs
<i>Made-ups and misc.</i>			
<i>Cotton</i>			
360	Pillowcases	13.2	doz
361	Sheets	74.4	doz
362	Bedspreads and quilts	82.8	doz
363	Terry and other pile towels	6.0	doz
369	Other cotton manufactures	4.6	lbs

Category	Description	Conversion factor	Unit of measure
<i>Wool</i>			
464	Blankets and auto robes	1.3	lbs
465	Floor covering	0.1	sft
469	Other wool manufactures	2.0	lbs
<i>Manmade fiber</i>			
665	Floor coverings	0.1	sft
666	Other furnishings	7.8	lbs
669	Other manmade manufactures	7.8	lbs

ANNEX B

Category Specific limit	Specific limits and sublimits (in doz.)		
	First Agreement year	Second Agreement year	Third Agreement year
340/341/640/641			
Cotton and manmade fiber shirts and blouses	1,150,000	1,230,500	1,316,635
Sublimits			
(340)	(350,000)	To be negotiated	
(341)	(360,000)	To be negotiated	
(640)	(80,000)	To be negotiated	
(641)	(360,000)	To be negotiated	
331			
Cotton gloves (dozen pairs) ...	700,000	749,000	801,430
335			
Womens', girls', and infants' cotton coats	100,000	107,000	114,490
348			
Womens', girls', and infants' cotton trousers	200,000	214,000	228,980

II

*The Sri Lankan Secretary, Ministry of Trade and Shipping,
to the American Ambassador*

Colombo, 7th July, 1980

Your Excellency,

I have the honour to acknowledge the receipt of the proposal contained in your note dated 7th July, 1980 which reads as follows:

[See note I]

I confirm that the proposal set out in this note is acceptable to the Government of Sri Lanka.

Accept, Excellency, the assurances of my highest consideration.

[Signed]

W. L. P. DE MEL

Secretary

Ministry of Trade and Shipping

His Excellency D. R. Toussaint
Ambassador of the United States of America
Colombo