ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement Between the United States and Nicaragua

The following is the text of the United States note concerning a new cotton textile agreement between the Governments of the United States and Nicaragua.

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 9 February 1962, as extended until 30 September 1973. I also refer to recent discussions between our two Governments concerning the export of cotton textiles from Nicaragua to the United States. As a result of these discussions, I propose the following agreement relating to trade in cotton textiles between Nicaragua and the United States.

1. The term of this agreement shall be from 1 August 1972 through 31 July 1977. During the term of this agreement the Government of Nicaragua shall limit annual exports of cotton textiles from Nicaragua to aggregate and specific limits at the levels specified in the following paragraphs.

2. For the first agreement year, constituting the twelve-month period beginning 1 August 1972, the aggregate limit shall be 5.0 million square yards equivalent.

3. Within this aggregate limit, the following specific limits shall apply:

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
<th>Square yards equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/10</td>
<td>-</td>
<td>1.0</td>
</tr>
<tr>
<td>15/16</td>
<td>-</td>
<td>1.0</td>
</tr>
<tr>
<td>22/23</td>
<td>-</td>
<td>1.0</td>
</tr>
<tr>
<td>26/27 (other than duck)</td>
<td>-</td>
<td>2.0</td>
</tr>
</tbody>
</table>

1 Not party to the Cotton Textiles Arrangement
4. Within the aggregate limit, each specific limit may be exceeded by not more than 5 per cent.

5. Categories not given specific limits are subject to consultation levels and to the aggregate limit. In the event the Government of Nicaragua wishes to permit exports to the United States in any category during any agreement year in excess of the applicable consultation level, the Government of Nicaragua 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 Nicaragua shall limit 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.

6. The square yard equivalent of any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit, subject to the provisions of paragraph 5, or for the purpose described in paragraph 4.

7. In the second and any succeeding agreement year, the level of exports permitted under each limitation in the agreement shall be increased by 5 per cent of the corresponding level for the preceding agreement year, the latter level not to include any adjustments under paragraph 4 or 8.

8. (a) For any agreement year immediately following a year of shortfall (i.e., a year in which cotton textile exports from Nicaragua to the United States were below the aggregate limit and any specific limit applicable to the category concerned) the Government of Nicaragua 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 specific limit, and shall not exceed 5 per cent of the aggregate limit applicable to the year of the shortfall;

(ii) In the case of shortfalls in categories subject to specific limits, the carryover shall be used in the same category in which the shortfall occurred, shall not exceed 5 per cent of the specific limit applicable to the category in the year of the shortfall, and shall be in addition to the exports permitted by paragraph 4; and

(iii) In the case of shortfalls not attributable to categories subject to specific limits, the carryover shall not be used to exceed any applicable specific limit except in accordance with the provisions of paragraph 4 and shall be subject to provisions of paragraph 5.
(b) The limits referred to in subparagraph (a) of this paragraph are without any adjustments under this paragraph or paragraph 4.

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

10. The Government of the United States of America shall promptly supply the Government of Nicaragua with data on monthly imports of cotton textiles from Nicaragua; and the Government of Nicaragua shall promptly supply the Government of the United States of America with quarterly data on 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.

11. 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.

12. The Government of Nicaragua 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 the Government of Nicaragua considers that, as a result of limitations specified in this agreement, Nicaragua is being placed in an inequitable position vis-à-vis a third country, the Government of Nicaragua 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 or 6(c) of the Long-Term Arrangement to request restraint on the export of cotton textiles from Nicaragua to the United States.

16. The Government of the United States of America may assist the Government of Nicaragua 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 Nicaragua, this note and your note of confirmation on behalf of the Government of Nicaragua shall constitute an agreement between the Government of Nicaragua and the Government of the United States of America.

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

For the Secretary of State: