1. If imports from any other participating country or countries into a participating country of certain cotton textile items not subject to import restrictions should cause or threaten to cause disruption in the market of the latter participating country, that country may request the former participating country or countries whose exports of such items are causing or threatening to cause market disruption to consult with a view to (A) restricting exports to a specified level not lower than that provided for the category concerned in the schedule for the period in question (B) avoiding such disruption by restraining exports of such cotton textile items at an appropriate level or by other appropriate means. Such a request shall be accompanied by a detailed statement of the reasons and justifications for the request, including all the relevant facts; simultaneously, the requesting country shall inform the Cotton Textile Committee of its request and the reasons for such request.

2. Failing agreement within a period of 30 days after the request has been received by the participating exporting country or countries, the requesting participating country may, notwithstanding the provisions of article 2 above, decline to accept imports from the participating country.
or countries referred to in paragraph 1 above of the cotton textile items causing or threatening to cause market disruption, at a higher level than that specified in Annex B.

3. In critical circumstances, where delay would cause damage difficult to repair, the requesting participating country may take the necessary measures to limit the imports concerned during the period of consultation.

4. In order to avoid administrative difficulties in enforcing a given level of restraint on imports of cotton textiles subject to measures taken under this article, the participating importing country concerned will accept some flexibility in the administration of these measures by allowing variations which would not normally exceed 1/5/10 per cent.

5. If a participating country determines that a shift in the pattern of imports within any category is producing undue concentration of imports of any particular item and that such concentration is causing or threatening to cause market disruption, that country may invoke the procedures authorized in case of market disruption by imports of one category.

6. If exports from two or more participating countries are causing or threatening to cause market disruption, the measures envisaged in this article will be applied in an equitable manner to the exports of all such countries.

7. The measures envisaged in this article shall be subject to review. They shall be relaxed as the situation of market disruption becomes less acute and shall be eliminated when the threat of disruption ceases to exist.

8. The participating countries intend that measures envisaged in this article shall only be resorted to sparingly, taking full account of the agreed objectives set out in the Preamble to this Arrangement and only to avoid market disruption.
Article 4

The participating countries recognize that the procedure provided for in articles 2 and 3 above should not be used in such a way as to detract from the need for such adjustments and adaptations in their domestic industries as may be made necessary by the changing pattern of international production and trade.

Article 5

Nothing in this Arrangement shall prevent the negotiation of mutually acceptable arrangements on other terms not inconsistent with the basic objectives of this Arrangement. The participating countries shall keep the Cotton Textile Committee fully informed of such arrangements, or the parts thereof, which have a bearing on the operation of this Arrangement.
Article 6

1. The participating countries will take steps to ensure, by the exchange of information and other practical means, the effective operation of this Arrangement.

2. The participating countries further agree on the following measures to avoid the circumvention of this Arrangement:

   (a) **Trans-shipment**

   The participating importing and exporting countries agree to collaborate with a view to preventing circumvention of this Arrangement by trans-shipment and will take whatever action is appropriate and permissible under their national laws and regulations to prevent such circumvention. In cases where a participating country has reason to believe that imports shipped to it from another participating country did not originate in that country, it may request that country to consult with it with a view to assisting in the determination of the real origin of the goods.

   (b) **Substitution of directly competitive textiles**

   If a participating country has reason to believe that imports of directly substitutable textile items have increased to such a degree that the measures of restraint referred to under articles 2 or 3 of this Arrangement may be frustrated, that country may request the participating exporting country or countries concerned to consult with a view to agreeing on measures designed to prevent circumvention of the Arrangement subject to the right of the participating importing country to introduce the necessary safeguards during the period of the consultation in the event that delay would cause damage difficult to repair. Failing agreement in the consultation within ____ days, any of the participating countries concerned may refer the matter to the Cotton Textile Committee.
In the case of other difficulties arising out of substitution affecting products not the subject of measures referred to in articles 2 or 3 above, a participating country may request another participating country or countries to consult with it. Any of the participating countries concerned may refer the matter to the Cotton Textile Committee for examination.

(c) Non-participants

The participating countries will seek to ensure that trade in cotton textiles with countries not participating in this Arrangement shall not frustrate the achievement of the objectives of the Arrangement as they benefit participating countries.

In particular, the participating countries agree that, if it proves necessary to resort to the measures envisaged in article 3 above, the participating importing country or countries concerned shall take steps to ensure that the participating country's exports against which such measures are taken shall be trusted no less favourably than the exports of any country not participating in this Arrangement which are causing, or threatening to cause, market disruption. The participating importing country or countries concerned will give sympathetic consideration to any representations from participating exporting countries to the effect that this principle is not being adhered to.
Article 7

In view of the safeguards provided for in this Arrangement the participating countries shall, as far as possible, refrain from taking other restrictive measures which may have the effect of nullifying the effects of this Arrangement.

(a) If a participating country should find it necessary to introduce other measures not inconsistent with the GATT or with this Arrangement, another participating country may call for consultation and the participating country undertaking such measures will consider taking appropriate action to remedy any adverse effects which might result therefrom.

(b) If adverse effects on exports of a category of cotton textiles from a participating country be caused by measures other than those permitted under this Arrangement taken by a participating country, the participating country which has taken the measures shall not be entitled to make resort to the provisions of article 3, nor to maintain import restrictions which may be retained under the provisions of Article 1, with respect to the said category of cotton textiles.
Article 8

(A) A participating country shall be regarded as having fulfilled its obligations under any provision of this Arrangement to provide for increased access of cotton textiles to its domestic market if the access achieved by cotton textiles retained in its domestic markets exceeds ... per cent of its total domestic market for cotton textiles; provided that a participating country exempted from the requirements of Articles 2 and 3 above is not entitled to exercise rights under the safeguard clauses. No participating country shall come within this article unless its remaining restrictions are regarded by the Cotton Textile Committee as not unduly discriminatory.

(B) A participating country shall be regarded as having fulfilled its obligations under Articles 2 and 3 of this Arrangement to provide for increased access of cotton textiles to its domestic market if the access achieved by cotton textiles retained in its domestic markets exceeds ... per cent of its total domestic market for cotton textiles. Such a country shall nevertheless endeavour to pay full regard to the objectives of this Arrangement in the policy adopted towards imports of cotton textiles. This provision shall be reviewed by the Cotton Textile Committee when the other participating countries having resort to Articles 2 or 3 of this Arrangement have accorded like access to imports from other participating countries.

Article 9

1. The Cotton Textile Committee, as established by the CONTRACTING PARTIES at their nineteenth session, shall be responsible for the administration of this Arrangement. The Committee shall be composed of representatives of the countries party to this Arrangement.
2. The Committee shall meet from time to time to carry out the functions provided for it in this Arrangement. It will collect the necessary statistical and other information necessary for the discharge of its functions. It will undertake studies on trade in cotton textiles as the participating countries may decide; it will collect the necessary information and will be empowered to request the participating countries to furnish such information.

3. The Committee shall review the operation of this Arrangement once a year and report to the CONTRACTING PARTIES.

4. Any case of divergence of view between the participating countries as to the interpretation or application of this Arrangement may be referred to the Committee.

5. The Committee shall meet not later than one year before the expiry of this Arrangement in order to consider whether the Arrangement should be extended, modified or discontinued.

**Article 10**

For purposes of this Arrangement the expression "cotton textiles" includes yarns, piece-goods, made-up articles, garments, and other textile manufactured products, in which cotton represents more than 50 per cent (in weight) of the fibre content (Ref. to SITC ............), with the exception of hand-loom manufactures of the cottage industry.

**Article 11**

For the purposes of this Arrangement, the term "disruption" refers to situations of the kind described in the Decision of the CONTRACTING PARTIES of 19 November 1960, the relevant extract from which is in Annex C.
Article 12

[Acceptance]

Article 13

1. This Arrangement shall enter into force on 1 October 1962, provided that it has been signed on behalf of the Governments of the following countries:

   Canada, France, Federal Republic of Germany, India, Japan,
   Pakistan, Spain, United Kingdom, United States of America.

2. If all the above countries have not accepted this Arrangement by 1 October 1962 the signatory countries shall meet as soon as practicable to decide whether they wish the Arrangement to enter into force among them or on other terms.

Article 14

[Any participating country may, after so notifying the Cotton Textile Committee in writing, withdraw from this Arrangement when it considers that its rights are being nullified or impaired as a result of any action taken under the provisions of this Arrangement]

Article 15

This Arrangement shall remain in force for [three] [five] years.