

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/738  
13 May 1982

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Textiles Surveillance Body

## ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between  
the United States and Pakistan

Note by the Chairman

Attached is a notification received from the United States concerning a new bilateral agreement with Pakistan, concluded under Article 4 of the MFA, valid for the period 1 January 1982 to 31 December 1986.<sup>1</sup>

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<sup>1</sup>The previous agreement with Pakistan and subsequent amendments are contained in COM.TEX/SB/300, 491, 545, 619, 725 and 750, and TEX.SB/

\*English only/Anglais seulement.



**UNITED STATES TRADE REPRESENTATIVE**

**1-3 AVENUE DE LA PAIX**

**1202 GENEVA, SWITZERLAND**

**Telephone: 32 09 70**

May 12, 1982

The Honorable  
Ambassador Paul Wurth  
Chairman, Textiles Surveillance Body  
GATT  
154, rue de Lausanne  
CH-1211 Geneva

Dear Mr. Chairman:

Further to my letter of May 10, 1982, and pursuant to paragraph 4 of Article 4, of the Arrangement Regarding International Trade in Textiles, I herewith officially inform the Textiles Surveillance Body of a new five-year bilateral cotton textile agreement between the Government of the United States of America and the Government of Pakistan. This new agreement, which takes effect as of January 1, 1982, incorporates the last six months of the previous agreement as amended, which covered the period January 1, 1978 through June 30, 1982.

The new agreement, while similar in form and coverage to its predecessor, also has some significant differences.

First, the similarities:

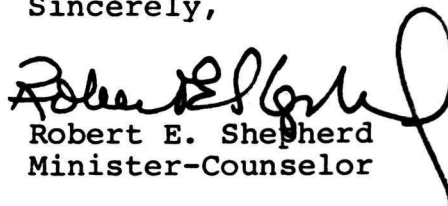
- The coverage remains cotton textiles and apparel;

- Growth and carryover/carryforward for the aggregate limit and all specific limits remain at 7 percent and 11/6 percent, respectively;
- Swing remains at 10 percent and 7 percent for categories in Groups I and II, respectively;
- The use of minimum and designated consultation levels is maintained with respect to non-apparel categories not placed under restraint.

Now, for some differences:

- While an overall aggregate and group structure has been maintained, the group limits have been eliminated;
- The sublimits for categories 338 and 339 have been eliminated;
- Three new specific limits for apparel categories have been agreed upon at levels substantially higher than previous consultation levels;
- A new consultation mechanism has been established with respect to apparel categories not placed under restraint;
- Provision has been made for a major review of the agreement prior to the end of the second agreement year.

Sincerely,

  
Robert E. Shepherd  
Minister-Counselor

# DEPARTMENT OF STATE

April 19, 1982  
No. 134

## THE UNITED STATES AND PAKISTAN SIGN BILATERAL TEXTILE AGREEMENT

The United States and Pakistan exchanged notes dated March 9, 1982 and March 11, 1982 to effect a new bilateral textile Agreement relating to trade in cotton textiles and textile products. The texts of the notes follow:

### UNITED STATES NOTE

March 9, 1982

His Excellency  
Lt. General Ejaz Azim,  
Ambassador of Pakistan.

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles, with Annexes, done at Geneva on December 20, 1973, and extended by the Protocols adopted on December 14, 1977 and December 21, 1981 at Geneva (hereinafter referred to as the Arrangement). I have also the

EB/TEX:Deborah Linde (202)632-2062

honor to refer to discussions between representatives of the Government of the United States of America and the Government of Pakistan held in Washington, D.C. from February 16 to February 24, 1982 concerning exports of cotton textiles and textile products from Pakistan to the United States of America. As a result of those discussions and in conformity with Article 4 of the Arrangement, I have the honor to propose the following Agreement relating to trade in cotton textiles and textile products between the Government of the United States of America and the Government of Pakistan:

1. The term of this Agreement shall be the five-year period from January 1, 1982 through December 31, 1986. Each "Agreement Year" shall be the twelve month period from January 1 to December 31 with the first Agreement Year commencing on January 1, 1982 and ending on December 31, 1982.

2. Textiles and textile products covered by this Agreement shall be classified in two groups, as follows:

<u>Group</u>	<u>Definition</u>
I	Yarn, fabric, made-ups and miscellaneous textile products of cotton (Categories 300-320, 360-369)
II	Apparel textile products of cotton (Categories 330-359)

The determination of whether a textile or textile product is of cotton fiber shall be made in accordance with the terms of paragraph 10. The categories referred to in the above definitions of groups are those summarized in Annex A.

3. (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 purposes of this Agreement, and in recognition of the patterns of trade of Pakistan with the United States of America, categories below are merged and treated as single categories as indicated, with Specific Limits as set out in Annex B:

Categories Merged

347, 348

Designation in Agreement

347/348

For purposes of computing charges to the Aggregate Limit and Specific Limits for the categories cited above, rates of conversion for individual categories set out in Annex A shall be applied.

4. Commencing with the first Agreement Year, and during the subsequent term of the Agreement, the Government of Pakistan shall limit annual exports from Pakistan to the United States of America of cotton fiber textiles and textile products to the Aggregate Limit and Specific Limits set out in Annex B, as such Limits may be adjusted in accordance with paragraphs 8 (swing), and 9 (carryover/carryforward). The limits set out in Annex B do not include any adjustments permitted under paragraphs 8 and 9.

5. (a) Within the Aggregate Limit, exports of cotton textiles and textile products in categories without Specific Limits in Group I shall be subject to category Consultation Levels. For categories not given Specific Limits or Designated Consultation Levels as set out in Annex C, the annual Consultation Levels shall be 1,000,000 square yards equivalent for each category in Group I.

(b) In the event the Government of Pakistan wishes to export to the United States of America textile products in excess of the applicable Consultation Levels, the Government of Pakistan

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", in the United States of America, in a category subject to such request, the United States of America is unable to comply fully, the Government of the United States of America will so inform the Government of Pakistan and will supply data which form the basis for the position taken by the Government of the United States of America. If requested by the Government of Pakistan, 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 Consultation Level.

6. (a) In the event that the Government of the United States of America believes that imports of cotton apparel products from Pakistan, 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 Pakistan with a view to easing or avoiding such



market disruption. The Government of the United States of America will provide the Government of Pakistan, at the time of the request, with a statement of reasons for its request for consultations which, in the view of the Government of the United States demonstrates:

- (1) the existence or the threat of market disruption;  
and
- (2) the role of exports from Pakistan in that disruption.

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

(c) During the 90 day consultation period, the Government of Pakistan agrees to hold its exports to the United States in the category or categories subject to these consultations to a level no greater than 35 percent of the amount entered, as reported in U.S. General Imports statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made.

(d) If no mutually satisfactory solution is reached during these consultations, the Government of the United States of America may establish a Specific Limit for the category or categories concerned. The amount will not be less than the amount, as reported in U.S. General Imports statistics, entered during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made plus 20 percent.

(e) To facilitate administration, the Specific Limit established under sub-paragraph 6 (d) may be combined with the Limit established by sub-paragraph 6 (c), at the discretion of the United States.

(f) A Specific Limit established under sub-paragraph 6 (d) will be effective for the period beginning on the first day following the conclusion of the consultation period and ending on the last day of the then current Agreement Year. If a Specific Limit is established during an Agreement Year, the Specific Limit and any available swing will be prorated to correspond to the number of months remaining in the existing Agreement Year. Full carryforward will be available. Carryover will not be available in the first Agreement Year following the request for

consultations. For the second and each succeeding Agreement Year the Specific Limit established under sub-paragraph 6 (d) will be increased by seven percent annual growth.

(g) The Government of the United States of America may assist the Government of Pakistan in implementing the provisions of this consultation mechanism. Exports in excess of authorized limits for any period, if allowed entry into the United States, will be charged to the applicable Limit for the succeeding period.

7. (a) Exports from Pakistan in excess of authorized limits in any Agreement Year may be denied entry into the United States. Any such shipments denied entry, may be permitted entry into the United States and charged to the applicable Limit in the succeeding Agreement Year.

(b) Exports from Pakistan in excess of authorized limits in any Agreement Year will, if allowed entry into the United States during that Agreement Year, be charged to the applicable limit in the succeeding Agreement Year.

(c) Any action taken pursuant to sub-paragraph 7 (a) and 7 (b) above, will not prejudice the rights of either side regarding consultations.

8. During any Agreement Year, and within the Aggregate Limit for such Agreement Year, as it may be adjusted pursuant to paragraph 9, the Specific Limits set out in Annex B, and categories converted to Specific Limits pursuant to paragraph 6 (d), may be exceeded by not more than 10 percent if included in Group I and 7 percent if included in Group II (swing).

9. (a) In any Agreement Year, in addition to any adjustment pursuant to paragraph 7, exports may be exceeded by a maximum of 11 percent of the Aggregate Limit or Specific 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:

(i) Carryover may be utilized as available up to 11 percent of the receiving Agreement Year's applicable limit;

(ii) Carryforward may be utilized up to 6 percent of the receiving Agreement Year's applicable limits;

(iii) Carryforward used shall be charged against the immediately following Agreement Year's corresponding limits; and

(iv) The combination of carryover and carryforward 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 of textile or textile products from Pakistan to the United States of America during an Agreement Year are below the Aggregate Limit and any applicable Specific Limit as set forth in Annex B. In the Agreement Year following the shortfall, such exports from Pakistan to the United States of America may be permitted to exceed the Aggregate and Specific Limits, subject to condition of sub-paragraph 9 (a) by carryover of shortfalls in the following manner:

(i) Carryover in any limit shall not exceed the amount of shortfall in either the Aggregate Limit or any applicable Specific Limit.

(ii) In the case of shortfall in a Category subject to a Specific Limit, the shortfall shall be used in the Category in which the shortfall occurred.

(iii) The Aggregate Limit or any applicable Specific Limit in which the shortfall occurred shall be decreased by the amount used to exceed the following Year's limit.

(c) The limits referred to in sub-paragraphs (a) and (b) of this paragraph are without any adjustment under this paragraph or paragraph 8. The total adjustment under this paragraph shall be in addition to adjustments to the limits permitted by paragraph 8.

10. The standard to be used in determining whether an article is a cotton textile or textile product is the chief weight and value criteria used by the Government of the United States of America.

11. 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.

12. (a) The Government of the United States of America shall promptly supply the Government of Pakistan with data on monthly imports of cotton textiles and textile products into the United States of America from Pakistan.

(b) The Government of Pakistan shall promptly supply the Government of the United States of America with data on monthly exports of cotton textiles and textile products from Pakistan to the United States of America.

(c) Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement requested by the other Government.

13. The Government of Pakistan shall use its best efforts to space exports from Pakistan to the United States of America within each Category evenly throughout each Agreement Year, taking into consideration normal seasonal factors.

14. If the Government of Pakistan considers that as a result of limitations specified in this Agreement, it is being placed in an inequitable position in relation to a third country, the Government of Pakistan may request consultations with the United States of America with a view to taking appropriate remedial actions such as reasonable modification of the Agreement. These consultations will begin within 30 days from the date of request, unless mutually agreed otherwise.

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 to request restraint on the export of cotton textiles and textile products from Pakistan to the United States. The Government of the United States of America and the Government of Pakistan reserve their rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

16. The Government of Pakistan shall administer its export control system under this Agreement. The Government of the United States of America may assist the Government of Pakistan in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.

17. Exports of handloom fabrics of the cottage industry, handmade cottage industry products made of such handloomed fabrics, and traditional folklore handicraft textile products, also known as "Pakistan Items", are not within the purview of this Agreement. A list of Pakistan Items with definitions, as identified by representatives of both Governments, is attached to this Agreement as Annex D, and will serve as a basis for implementing this provision of the Agreement. Additional items may be subsequently added to this list by mutual agreement.

18. The export visa system and certification procedure for handmade cottage industry products and Pakistan Items, which has been implemented by previous administrative arrangements, will be continued in force.

19. The Government of the United States of America and the Government of Pakistan agree to consult upon the request of the other on any question arising in the implementation of this Agreement.



20. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time to problems which have been the subject of consultations under this Agreement or its related documents, either Government may, after notification to the other Government, refer such problems to such international organizations to which both Governments are parties which deal with the subject matter of this Agreement.

21. The Government of the United States of America and the Government of Pakistan may at any time propose revisions in the terms of this Agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

22. The two governments agree to undertake prior to the end of the second Agreement Year, a major review of the Agreement.

23. In conformity with Article 8 of the Arrangement, Pakistan and the United States of America shall cooperate to avoid circumvention of the Agreement.

24. This Agreement will supercede the Agreement relating to trade in cotton textiles which entered into force on January 1, 1978.

25. Either Government may terminate this Agreement, effective at the end of any Agreement Year, by written notice to the other, to be given at least 90 days prior to the end of such Agreement Year.

If the foregoing conforms with the understanding of the Government of Pakistan, this note and Your Excellency's note of confirmation on behalf of the Government of Pakistan shall constitute an Agreement between our two Governments.

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

For the Secretary of State:

William H. Edgar

ANNEX A

Category	Description	Conversion Factor	Unit of Measure
300	Cotton carded yarn	4.6	LB.
301	Cotton combed yarn	4.6	LB.
310	Gingham	1.0	SYD
311	Velveteen	1.0	SYD
312	Corduroy	1.0	SYD
313	Sheeting	1.0	SYD
314	Broadcloth	1.0	SYD
315	Printcloth	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.e.s.	1.0	SYD
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	45.3	DOZ.

M and B = Men's and Boys'  
W, G, and I = Women's, Girls', and Infants  
n.k. = not Knit

Category	Description	Conversion Factor	Unit of Measure
337	Playsuits, Sunsuits, Washsuits, Creepers	25.0	DOZ.
338	Knit shirts, (inc. T-shirts, other than sweatshirts) M and B	7.2	DOZ.
339	Knit shirts and blouses (incl. T-Shirts, other than 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, beach robes, lounging gowns, house coats, and dusters	51.0	DOZ.
351	Pajamas and other nightwear	52.0	DOZ.
352	Underwear (incl. union suits)	11.0	DOZ.
353	Down and feather-filled coats, jackets and vests, M and B	41.3	DOZ.
354	Down and feather-filled coats, jackets and vests, W, G, and I	41.3	DOZ.
359	Other apparel	4.6	LBS.

Category	Description	Conversion Factor	Unit of Measure
360	Pillowcases	1.1	NO.
361	Sheets	6.2	NO.
362	Bedspreads and Quilts	6.2	NO.
363	Terry and other pile towels	0.5	NO.
369	Other Cotton manufactures	4.6	LB.

Annex B

Specific Limits

	1982	1983	1984	1985	1986
Aggregate	201,201,062	215,285,136	230,355,096	246,479,953	263,733,549
313 syd.	71,916,317	76,950,459	82,336,991	88,100,581	94,267,621
315 syd.	41,995,237	44,934,904	48,080,347	51,445,971	55,047,189
319 syd.	14,107,228	15,094,734	16,151,365	17,281,961	18,491,698
363 nos.	18,840,192	20,159,005	21,570,136	23,080,045	24,695,648
331 dpr.	489,143	523,383	560,020	599,221	641,167
338 doz.	2,142,419	2,292,388	2,452,856	2,624,555	2,808,274
339 doz.	465,743	498,345	533,229	570,555	610,494
340 doz.	100,000	107,000	114,490	122,504	131,080
341 doz.	172,909	185,013	197,964	211,821	226,648
347/8 doz.	225,000	240,750	257,603	275,635	294,929

Annex C

Designated Consultation Levels

317	syd.	6,512,000
320	syd.	8,000,000
369	lbs.	5,869,565

(excluding bar mops, TSUSA No. 366.1855)

### Definition

"Pakistan items" are those items that are uniquely and historically traditional Pakistani products cut, sewn or otherwise fabricated by hand in the cottage industry. They are limited to the products enumerated below and such other items as may be agreed upon from time to time.

### List of Pakistan Items

1. Shisha Embroidered Dresses - A traditional mirror embroidery on plain, printed or striped material, worn by the people of Sind and Baluchistan. Short, medium or long in length according to the areas from which they come.
2. Dastkari Kurta and/or Gharara - A Kurta is a type of halter blouse worn with the Gharara. A Gharara is a traditional form of the pajama worn by ladies of the Moghul courts. Each leg of the Gharara measures about one yard across the bottom opening. Both made of cotton material with multi-colored embroidery and with drawstrings at the top and waist, in the tradition of the Moghul Kings.
3. Multani Kurat - Crochet worked shorts or long tunic worn by the peasants in Panjab. Crocheted work located at the neck and front and has triangular inserts at the armpits.



4. Embroidered Kurta - Type of shirts or loose tunic worn throughout Pakistan over loose trousers. Is embroidered in different colors. Adapted from Angarkha by King Ahmad Shah Abdali. Worn short or long and has triangular inserts at the armpits.
5. Multani Choli - (If in part of set) Fitted blouse worn with either a Lungi (i.e., a scarf) or Sari in Punjab and Sind. Choli is embroidered in different colors or hand printed, tied either in front or back.
6. Killi Kurta - Kurta of heavy fabric with patchworked decorations appliqued by hand, worn by the women of Sind.
7. Burqa - Loose tunic or dress with hood attached worn by ladies when going out of the house. Worn as outer covering and often gaily embroidered or hand printed.
8. Quetta Jackets - Loose vest worn over Kurta by men and women. Made either of printed material or of embroidered material with mirrors on plain colors.
9. Ghagra - Ankle length, loose fitting skirt with drawstrings around the waist or hooks worn with either a fitted or loose choli, with traditional colors embroidered or hand printed. Worn in the Tharparkar area of Sind.
10. Batwa - (Drawstring pouches, bags, purses and string bags). Accessories for all Pakistani dresses for carrying betel nuts and other personal things. Gaily printed or hand embroidered or with mirrors, or made with colored string.

11. Shindi Julaba - Very loose ankle length garment in handloom or hand-blocked material with a hood attached, with tie string at V opening in neck and side slits at lower part extending to lower hem. Worn with or without hood in the villages of Sind and can also be embroidered.
12. Izarban - Cotton belt in multi-colored continuous lengths of unwoven threads.
13. Baluchi Kameez - Embroidered top worn by the women of Baluchistan over Shalwar or Turkish trousers. Flared tunic with extra wide sleeves tapering.
14. Cotton Embroidered Kaftan in the traditional embroidery of Multan, Makran, Derz Ghazi Khan and Nuchki. Long, loose fitting dress with embroidery around top and bottom with side slits of about 18 inches to the lower hem.
15. Cholistan Kurta - Colorful striped, heavy, unbleached fabric worn by the camel drivers of the Cholistan Desert with stand up collar band and sleeves made into the body of the garment.
16. Chilaf - Embroidered decorative tublar case open at both ends with drawstring enclosures.
17. Dupatta - (If in part of a set) Long scarf about 4 feet or more long and three feet or more wide of thin cotton fabric with colorful design worn by women to cover the head.
18. Cimmerband - Antique and embroidered wide belts worn around the waist, with heavy mirrored embroidery.

PAKISTAN NOTE



AMBASSADOR OF PAKISTAN

EMBASSY OF PAKISTAN  
WASHINGTON, D. C.

March 11, 1982

Excellency,

I have the honour to refer to your note of March 9, 1982, proposing an Agreement relating to trade in cotton textiles and textile products between the Government of Pakistan and the Government of the United States of America.

I confirm on behalf of the Government of Pakistan that the proposal contained in your note is acceptable to my government, and that your note and this note in reply constitute an Agreement between our two Governments.

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

A handwritten signature in dark ink, appearing to read 'Ejaz Azim', with a long horizontal stroke extending to the right.

( Ejaz Azim )

The Honorable  
Alexander M. Haig, Jr.  
Secretary of State,  
Washington D.C.