

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/284

1 March 1978

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the United States and Pakistan

Note by the Chairman

The attached notification received from the United States mission concerns a new agreement on cotton textiles concluded between the United States and Pakistan.¹

¹For previous agreement and amendment see COM.TEX/SB/93 and 249.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4:4

Accord bilatéral entre les Etats-Unis et le Pakistan

Note du Président

La Mission des Etats-Unis a fait parvenir au secrétariat la notification ci-jointe relative à un nouvel accord sur les textiles de coton conclu entre les Etats-Unis et le Pakistan¹.

¹Pour l'accord précédent et la modification qui lui a été apportée, voir les documents COM.TEX/SB/93 et 249.



UNITED STATES MISSION TO INTERNATIONAL ORGANIZATIONS
GENEVA, SWITZERLAND

February 27, 1978

The Honorable
Ambassador Paul Wurth
Chairman,
Textiles Surveillance Body
Centre William Rappard
154, rue de Lausanne
1211 Geneve 21

Dear Mr. Chairman:

Pursuant to the provisions of paragraph 4 of Article 4 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform the Textiles Surveillance Body of the conclusion of a new bilateral cotton textile agreement between the Government of the United States of America and the Government of Pakistan. The new agreement, having a term from January 1, 1978 through June 30, 1982, succeeds and replaces the agreement of May 6, 1975, as amended (originally circulated as COM.TEX/SB/93 of 22 July 1975).

The new agreement, as will be noted, provides for aggregate, group and specific limits as well as for general and designated consultation levels. It will also be noted that the new category system adopted by the United States, with effect from January 1, 1978, will apply in this new agreement.

Growth, consistent with the provisions of the Arrangement has been provided. The aggregate limit for the first year of the new agreement is set at 150,000,000 syds. equiv. which, when compared with the aggregate limit in the last year of the old agreement of 139,595,000 million syds. equiv., represents a growth of approximately 7.5%. In the succeeding years, the annual growth rate of the aggregate limit is set at 7%.

The Group I (cotton yarns, fabrics made-ups and miscellaneous) limit is 130,000,000 syds. equiv.; an apparent increase of about 14% over the limit applicable in the last year in the old agreement (114,115,000 syds. equiv.). It should be noted, however, that Group I in the new agreement now embraces made-ups and miscellaneous items which were included in Group II in the old agreement. The Group II (cotton apparel) limit in the last year of the old agreement was 25,335,000 syds. equiv., which level included approximately 5,000,000 syds. equiv. of towels, an item which now is included in Group III. After deducting this yardage from the last year level of Group II, the apparel group growth in the first year of the new agreement comes to about 10%; conversely, the real first year growth rate in Group I, after the addition of the towel yardage, is about 9.7% rather than 14%. The aggregate limit, both Group limits and the specific category limits, all grow at 7% in the second and succeeding agreement periods except the fourth agreement period (18 months) where the rate will be 164.24% of the levels in effect in the third period.

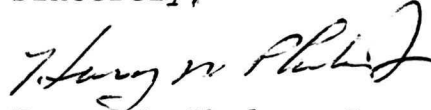
The general consultation levels for products not given designated consultation levels will be 700,000 syds. equiv. for apparel categories and 1,000,000 syds. equiv. for non-apparel categories. There are three categories each in both Group I and Group II which have been given designated consultation levels (see Annex A) considerably in excess of the general levels. The agreement provides for a proportionate increase in all the levels for the 18-month fourth agreement period.

Flexibility in the form of swing, carry-over and carry-forward has been provided. Swing into Group I (non-apparel) is 15%; swing into Group II (apparel) is 7%. Swing between categories in Group I is 10% and, between categories in Group II, 7%. Carry-over and carry-forward up to 11% (of which carry-forward may not exceed 6%) provide additional flexibility. Finally, hand-made cottage industry products and "Pakistan Items" (see Annex C), when subject to the agreed export visa system and certification procedure, are excluded from the provisions of this agreement.

A copy of Department of State Press Release No. 17 of January 12, 1978 setting forth the texts of the exchange

of Notes giving effect to the new agreement are attached.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harry M. Phelan, Jr.", written in dark ink.

Harry M. Phelan, Jr.
Minister-Counselor

Enclosure: As stated

DEPARTMENT OF STATE

January 12, 1978

No. 17

UNITED STATES AND PAKISTAN SIGN COTTON TEXTILE AGREEMENT

The United States and Pakistan exchanged notes on January 4, 1978 and January 9, 1978 respectively, to effect a new bilateral cotton textile agreement. The texts of the notes follow:

UNITED STATES NOTE

January 4, 1978

His Excellency
Sahabzada Yaqub-Khan
Ambassador of Pakistan

Excellency:

I have the honor to refer to the Agreement concerning trade in cotton textiles of May 6, 1975, as amended, between the United States and Pakistan (hereinafter referred to as the Agreement) and to recent discussions between Representatives of our two Governments concerning exports of cotton textiles from Pakistan to the United States. As a result of those discussions, I wish to propose the following Agreement relating to trade in cotton textiles between Pakistan and the United States, effective January 1, 1978.

1. The term of this Agreement shall be from January 1, 1978 through June 30, 1982. During such term, the Government of Pakistan will limit exports of cotton textiles to the United States during each agreement period, to aggregate, group, and specific limits at the levels specified in the following paragraphs.

2. The Agreement is divided into four agreement periods, with the following terms:

First Agreement Period	January 1, 1978 through December 31, 1978
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For further information contact:

EB - Mr. C. Hand (202) 632-1682

Second Agreement Period	January 1, 1979 through December 31, 1979
Third Agreement Period	January 1, 1980 through December 31, 1980
Fourth Agreement Period	January 1, 1981 through June 30, 1982.

3. For the first agreement period, the aggregate limit will be 150,000,000 square yards equivalent.

4. Within the applicable aggregate limit, the following group limits shall apply for the first agreement period.

	Square Yards Equivalent
Group I (Categories 300-320, 350-369)	130,000,000
Group II (Categories 330-359)	22,000,000

5. Within the applicable aggregate and group limits, the following specific limits will apply for the first agreement period:

Group I	Square Yards Equivalent
Category 313 (Sheeting)	56,419,000
Category 319 (Duck)	13,321,000
Category 363 (Terry and other pile towels)	2,350,000

Group II	Units	Square Yards Equivalent
Category 338 (knit shirts, M and E)	1,597,222 dozen	11,500,000
-- Sublimit TSUSA 380.0650	799,583 dozen	5,757,000
Category 339 (Knit shirts, W, G and I)	347,222 dozen	2,500,000
-- Sublimit TSUSA 382.0670	122,083 dozen	879,000

6. For the second and third agreement periods, the aggregate, group and specific limits shall be 107 percent of the applicable limits for the preceding period. For

the fourth agreement period, the aggregate, group and specific limits shall be 164.24 percent of the applicable levels for the third agreement period.

7(a) Within the aggregate limit, the Group I limit may be exceeded in any agreement period by 15 percent, and the Group II limit by 7 percent.

(b) Within the aggregate and applicable group limits, as they may be adjusted pursuant to this paragraph, specific limits in Categories 300-320, 360-369 may be exceeded in any agreement period by 10 percent and in Categories 330-359 by 7 percent.

8(a) In any agreement period, exports may exceed by a maximum of 11 percent the aggregate limit and any group or specific limit by allocating to the limits for that period an unused portion of the applicable limit for the previous agreement period (carryover) or a portion of the applicable limit for the succeeding agreement period (carry forward).

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

(ii) Carry forward may be utilized up to 6 percent of the receiving period's applicable limits and charged against the next period's applicable limits;

(iii) The combination of carryover and carry forward may not exceed 11 percent of the receiving period's applicable limits in any agreement period.

(h) For purposes of this Agreement, a shortfall occurs when exports from Pakistan to the United States during an agreement period are below the aggregate limits

in this Agreement or the limits in force for the year ending December 31, 1977, provided in the Agreement referred to above. In the agreement period following the shortfall, exports from Pakistan to the United States may be permitted to exceed the aggregate, group, and specific limits in accordance with the provisions of subparagraph (a) and (b) of this paragraph by carryover of shortfalls in the following manner:

- (i) The carryover shall not exceed the amount of shortfall in either the aggregate limit or any applicable group or specific limit; and
 - (ii) In the case of shortfalls in the categories (or combination of categories) subject to specific limits, the shortfalls shall be used in the same category (or combination of categories) in which the shortfall occurred; and
 - (iii) In the case of shortfalls not attributable to categories (or combination of categories) subject to specific limits, the carryover shall be used in the same group in which the shortfall occurred.
- (c) The limits referred to in subparagraphs (a) and (b) of this paragraph are without any adjustment under this paragraph or paragraph 7 above.
- (d) The total adjustment under this paragraph shall be in addition to the adjustment permitted by paragraph 7 to the limits for any agreement period.
- 9(a) Categories not given specific limits are subject to consultation levels and to the aggregate and applicable

group limits. In the event the Government of Pakistan wishes to permit exports from Pakistan to the United States in any category in excess of the applicable consultation level during any agreement year, the Government of Pakistan 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 Pakistan shall limit exports from Pakistan to the United States in the category in question to the consultation level. Consultation levels applicable for the first, second and third agreement periods for certain categories not given specific limits are listed in Annex A. For each category not given a specific limit and not listed in Annex A, the consultation level for the first, second and third agreement periods will be 1,000,000 square yards equivalent in Categories 300-320, 360-369; and 700,000 square yards equivalent in Categories 330-359.

(b) For the fourth agreement period, the consultation level for each category listed in Annex A shall be 150 percent of the level given in Annex A. For each category not given a specific limit and not listed in Annex A, the consultation level will be 1,500,000 square yards equivalent in Categories 300-320 and 360-369, and 1,050,000 square yards equivalent in Categories 330-359.

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

11. The two Governments recognize that the successful implementation of this agreement depends in large part upon mutual cooperation on statistical questions. The Government of the United States of America shall promptly supply the

Government of Pakistan with data on monthly imports of cotton textiles from Pakistan. The Government of Pakistan 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 available relevant statistical data requested by the other Government.

12. In the implementation of this agreement, the system of categories and the rates of conversion into square yards equivalent listed in Annex B hereto shall apply. In any situation where the determination of an article to be a cotton textile would be affected by whether a chief weight or chief value criterion is used, the chief value criterion used by the Government of the United States of America shall apply.

13. The Government of Pakistan and the Government of the United States of America agree to consult on any question arising in the implementation of this agreement.

14. 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.

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

16. During the term of this Agreement, the Government of the United States of America will not request restraint on the export of cotton textiles from Pakistan to the United States under terms other than those contained in this Agreement. The applicability of any international Agreement to which both countries are parties to trade in textiles between Pakistan and the United States shall be otherwise unaffected by this Agreement.

17. 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 cotton textiles covered by the Agreement.

18. Exports of handloom fabrics of the cottage industry, hand-made 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 C, 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.

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

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. Either Government may terminate this Agreement effective at the end of any Agreement period by written notice to the other Government to be given at least 90 days prior to the end of such agreement period. Either Government may at any time propose revisions in the terms of this Agreement.

If this proposal is acceptable to 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 the Government of Pakistan and the Government of the United States of America.

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

For the Acting Secretary of State:

/S/ William Barraclough

ANNEX A

DESIGNATED CONSULTATION LEVELS

Group I	Square Yards Equivalent
Category 315 (Printcloth)	26,049,000
Category 317 (Twills & Sateen)	6,512,000
Category 369 part	9,002,000

(Miscellaneous manufactures

excluding bar mops - TSUSA 366.1855)

GROUP II	Units	Square Yards Equivalent
Category 352		
(Underwear)	245,455 dozen	2,700,000
Category 340		
(Blouses)	102,621 dozen	1,488,000
Category 359		
(Other Apparel)	266,739 lbs.	1,227,000

ANNEX B

Categories	Description	Conversion Factor/Unit
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, Men's and Boys'	36.2/Doz.
334	Other coats, Men's and Boys'	41.3/Doz.
335	Coats, Women's, girls' and infants'	41.3/Doz.
336	Dresses	45.3/Doz.
337	Playsuits	25.0/Doz.
338	Knit shirts, Men's and boys'	7.2/Doz.
339	Knit shirts and blouses, W, G and I	7.2/Doz.
340	Shirts, not knit	24.0/Doz.
341	Blouses, not knit	14.5/Doz.
342	Skirts	17.8/Doz.
343	Suits, Men's and boys'	4.5/No.

344	Suits, Women's, girls' and infants'	4.5/No.
345	Sweaters	36.8/Doz.
347	Trousers, Men's and boys'	17.8/Doz.
348	Trousers, Women's girls' and infants'	17.8/Doz.
349	Brassieres, etc...	4.8/Doz.
350	Dressing gowns	51.0/Doz.
351	Nightwear	52.0/Doz.
352	Underwear	11.0/Doz.
359	Other Apparel	4.6/Lb.
360	Pillowcases	1.1/No.
361	Sheets	6.2/No.
362	Bedspreads and quilts	6.9/No.
363	Terry and other pile towels	0.5/No.
369	Other cotton Manufactures	4.6/Lb.

ANNEX C

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 - 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 Punjab. 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 & Sind. Choli is embroidered in different colors or hand printed, tied either in front or back.
6. Rilli Kurta - Kurta of heavy fabric with patchworked decorations applied by hand, worn by the women of Sind.
7. Burga - Loose tunic or dress with hood attached worn by ladies when going out of the house. Worn as an outer covering an 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 strings.
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 to a buttoned cuff.
14. Cotton Embroidered Kaftan - 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 tubular 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

January 9, 1978

The Honorable
Cyrus R. Vance
Secretary of State
Washington DC 20520

Excellency:

I have the honour to refer to your note of January 4, 1978, proposing an agreement on trade in Cotton Textiles between Pakistan and 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.

/S/ Sahabzada Yaqub Khan