

No. 10911

**UNITED STATES OF AMERICA
and
HUNGARY**

**Exchange of notes constituting an agreement concerning
trade in cotton textiles. Washington, 13 August 1970**

Authentic text: English.

Registered by the United States of America on 7 January 1971.

**ÉTATS-UNIS D'AMÉRIQUE
et
HONGRIE**

**Échange de notes constituant un accord relatif au commerce
des textiles de coton. Washington, 13 août 1970**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 7 janvier 1971.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
BETWEEN THE UNITED STATES OF AMERICA AND
HUNGARY CONCERNING TRADE IN COTTON
TEXTILES

I

DEPARTMENT OF STATE
WASHINGTON

August 13, 1970

Sir:

I have the honor to refer to the Long-Term Arrangement Regarding International Trade in Cotton Textiles (hereinafter referred to as the Long-Term Arrangement), done in Geneva on February 9, 1962,² as extended by Protocol until September 30, 1973.³

I also refer to recent discussions between our two Governments concerning the export of cotton textiles from Hungary to the United States. As a result of these discussions, I have the honor to propose the following agreement relating to trade in cotton textiles between Hungary and the United States:

1. The term of this agreement shall be from August 1, 1970 through July 31, 1975. During the term of this agreement the Government of the Hungarian People's Republic shall limit annual exports of cotton textiles from Hungary to the United States to aggregate and specific limits at the levels specified in the following paragraphs.

2. For the first agreement year, constituting the 12-month period beginning August 1, 1970, the aggregate limit shall be 4,250,000 square yards equivalent.

3. Within this aggregate limit, specific limits shall apply to each of the following categories. For the first agreement year the levels shall be as follows:

¹ Came into force on 13 August 1970, with retroactive effect from 1 August 1970, in accordance with the provisions of the said notes.

² United Nations, *Treaty Series*, vol. 471, p. 296. As registered by the Executive Secretary to the Contracting Parties to the General Agreement on Tariffs and Trade, this Arrangement is identified in the United Nations *Treaty Series* by the date of its entry into force, i.e., 1 October 1962.

³ *Ibid.*, vol. 620, p. 276, and annex A in volume 753.

<i>Category</i>	<i>Quantity</i>
Category 5	1,100,000 square yards
Category 39	57,000 dozen pairs

4. Within the aggregate limit, specific limits may be exceeded by not more than five percent.

5. Categories not given specific limits are subject to consultation levels and to the aggregate limit. In the event Hungary wishes to export in any category in excess of the applicable consultation level during any agreement year, the Government of the Hungarian People's Republic 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 the Hungarian People's Republic shall limit its 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 12-month period for which any limitation is in effect under this agreement, the level of exports permitted under such limitation shall be increased by five percent of the corresponding level for the preceding 12-month period, the latter level not to include any adjustments under paragraphs 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 Hungary to the United States were below the aggregate limit and any specific applicable to the category concerned) the Government of the Hungarian People's Republic 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 five percent 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 and shall not exceed five percent of the specific limit in the year of the shortfall; 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 the 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.
- (c) The carryover shall be in addition to the exports permitted by paragraph 4.

9. The Government of the Hungarian People's Republic shall use its best efforts to space exports from Hungary 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 the Hungarian People's Republic with data on monthly imports of cotton textiles from Hungary; and the Government of the Hungarian People's Republic 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 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 the Hungarian People's Republic and the Government of the United States of America agree to consult on any question arising 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 the Hungarian People's Republic considers that, as a result of limitations specified in this agreement, Hungary is being placed in an inequitable position vis-a-vis a third country, the Government of the Hungarian People's Republic 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 Hungary to the United States.

16. The Government of the United States may assist the Government of the Hungarian People's Republic 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 this proposal is acceptable to the Government of the Hungarian People's Republic, this note and your note of confirmation on behalf of the Government of the Hungarian People's Republic shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States of America.

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

For the Secretary of State :

[*Signed*]

PHILIP H. TREZISE

Mr. Péter Fulop
Chargé d'Affaires ad interim
of the Hungarian People's Republic

II

EMBASSY OF THE HUNGARIAN PEOPLE'S REPUBLIC
WASHINGTON, D.C.

Washington, August 13, 1970

No. 53

The Chargé d'Affaires ad interim of the Embassy of the Hungarian People's Republic presents his compliments to the Secretary of State of the United States of America and has the honour to refer to the Note of the Secretary of State to the Chargé d'Affaires ad interim of the Hungarian People's Republic dated August 13, 1970 concerning an agreement between the two Governments relating to trade in Cotton Textiles between Hungary and the United States. This is to confirm that the Government of the Hungarian People's Republic accepts the proposals set forth in the above referred Note of the Secretary of State of the United States of America, therefore this exchange of Notes constitutes an Agreement between the Government of the Hungarian People's Republic and the Government of the United States of America.

The Chargé d'Affaires ad interim of the Hungarian People's Republic takes this opportunity to renew the assurances of his highest consideration to the Secretary of State of the United States of America.

Department of State
Washington, D.C.
