

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(89) 220 final

Brussels, 2 June 1989

Proposal for a
COUNCIL DECISION

concerning the provisional application of the Agreed Minute
modifying the Agreement between the European Economic
Community and Hong Kong on trade in textile products

(presented by the Commission)

CONFIDENTIAL

Explanatory Memorandum

1. The attached draft proposal for a Council Decision concerns the adjustment of the quota for category 10 as agreed with Hong Kong during negotiations for the bilateral textile Agreement, following the introduction of the Harmonized System.
2. The document proposes that the above-mentioned amendment to the bilateral Agreement with Hong Kong on trade in textile products be applied provisionally from 1 January 1988.
3. The amendment is set out in the Agreed Minute initialled on 14 April 1988 at the end of consultations with Hong Kong on this matter.

It consists of an increase in the quota for category 10 by an amount negotiated on the basis of trade levels recorded in 1987 for the products now covered by that category as a result of the introduction of the Harmonized System.

4. The Council is invited to settle the matter at its next meeting.

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Consultations took place on 13 April 1988 between the Community and Hong Kong at the latter's request during which it was agreed to adjust a quota which had been agreed when the above-mentioned Agreement was renegotiated.

In this document the Commission explains the reasons for this modification and invites the Council to adopt a Decision provisionally applying the amendment to the bilateral trade Agreement concluded with Hong Kong.

1. When the multifibre bilateral Agreements were renegotiated in 1986 some quotas were adjusted in order to allow the Community to make classification changes with a view to the introduction of the Harmonized System. However, some additional adjustments are now necessary following the introduction of the Combined Nomenclature on 1 January 1988.
2. Since 1 January 1988 the quota for category 10 has covered certain products from category 67, which is not subject to limitation. In order to ensure a neutral transposition of the CCT and Nimexe to the Combined Nomenclature, category 10 needs to be adjusted.
3. At Hong Kong's request, consultations were held in Brussels on 13 April in order to settle the matter.

With the assistance of the Member States the Commission reached an agreement with Hong Kong to increase the quota for category 10 by an amount negotiated on the basis of trade levels in 1987.

4. An Agreed Minute containing the above-mentioned modifications to the bilateral Agreement was initialled on 14 April 1988 (see Annex).
5. Consequently, the Commission proposes that the Council should approve the provisional application of the Agreed Minute initialled on 14 April 1988 modifying the bilateral Agreement on trade in textile products initialled by the Community and Hong Kong on 2 October 1986, pending the formal conclusion of the Agreement and the Minute.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS DECIDED AS FOLLOWS:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas pending the completion of the procedures necessary for its conclusion, the Agreement between the European Economic Community and Hong Kong on trade in textile products, initialled on 2 October 1986, has been provisionally applied since 1 January 1987 in accordance, for the Community's part, with the Council Decision 88/213/EEC¹;

Whereas that Agreement provides for the possibility of quantitative adjustments to the quotas for certain categories, in order to allow for classification changes following the introduction of the Combined Nomenclature;

Whereas following consultations between the Community and Hong Kong an Agreed Minute modifying the quota for category 10 products provided for in the Agreement was initialled on 14 April 1988;

Whereas pending the completion of the procedures necessary for the conclusion of the Agreement and the Agreed Minute, the Agreed Minute should be applied provisionally, with effect from 1 January 1988, provided that there is a reciprocal provisional application on the part of Hong Kong,

Article 1

Pending the completion of the procedures necessary for its conclusion, the Agreed Minute modifying the Agreement on trade in textile products between the European Economic Community and Hong Kong shall be applied provisionally in the Community, with effect from 1 January 1988, provided that there is reciprocal provisional application on the part of Hong Kong.

The text of the Agreed Minute is attached to this Decision.

Article 2

The Commission is invited to seek the agreement of the Government of Hong Kong on the provisional application of the Agreed Minute referred to in Article 1 and to notify the Council thereof.

Done at Brussels,

For the Council

The President

¹OJ No L 97, 14.4.1988, p. 1.

AGREED MINUTE

A delegation of the Hong Kong Government and a delegation of the European Community met in Brussels on 13 April 1988 for consultations on problems arising from the transfer of rubberised knitted gloves from Category 67 to Category 10 on the implementation of the Harmonised System. The consultations were conducted in accordance with Article 14(3) of the Agreement of Trade in Textile Products between Hong Kong and the Community initialled on 2 October 1986 in Brussels.

2. As a result of the consultations, the two parties agreed to add the following quantities to the quantitative limits for Category 10 established in Annex II of the said Agreement :

<u>Year</u>	<u>Additional Quantity</u>
	<u>'000 pairs</u>
1988	3.862
1989	3.939
1990	4.018
1991	4.098

3. It was further agreed that the regional shares for Category 10 for the year 1988 as indicated in the Annex to the Community's Note Verbale dated 4 March 1988 will be increased in consequence of the additional quantity referred to in paragraph 2 above by not less than the following quantities :

<u>Region</u>	<u>Additional Quantity</u>
	<u>'000 pairs</u>
D	1.944
F	268
I	658
BNL	181
UK	495
IRL	13
DEN	48
GRE	-
SPA	124
POR	-

14

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SS

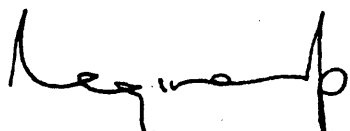
4. The two parties also confirmed that the sub-limits for the United Kingdom within the quantitative limits for Category 10 established in Annex II of the said Agreement will apply to gloves impregnated coated or covered with plastics covered by 1988 CN code 6116.10.10 and the sub-limits for these products remain as set out in Annex II of the Agreement.

5. As foreshadowed in the Agreed Minute between Hong Kong and the Community dated 23 March 1988, the two parties agreed that the special swing arrangement established under the said agreed minute will cease. The quantities of rubberised knitted gloves shipped under this arrangement are debited to the new quota level introduced for Category 10 for the year 1988, and the quotas from which the special swing out was effected are recredited.

6. It is understood that all rubberised gloves exported from Hong Kong from 1 January 1988 are to be debited against Category 10 quota.

7. A point concerning the origin definition for the rubberised gloves was raised by the Community and both parties agreed to clarify the matter at a later date.

Brussels, 14 April 1988



Delegation of the Hong Kong
Government



Delegation of the European
Economic Community

I. Quelle est la justification principale de la mesure ?

II. Caractéristiques des entreprises concernées
En particulier : Ajustement quantitatif suite à la mise en place du nouveau système de nomenclature.

- Y a-t-il un grand nombre de PME ?

- note t'on des concentrations dans des régions :

- éligibles aux aides régionales des E.M. ?

- éligibles au Feder ?

III. Quelles sont les obligations imposées directement aux entreprises ? Aucune

IV. Quelles sont les obligations susceptibles d'être imposées indirectement aux entreprises via les autorités locales ?

V. Y a-t-il des mesures spéciales pour les PME ? Non

- Lesquelles ?

VI. Quel est l'effet prévisible ? Aucun

- sur la compétitivité des entreprises ?

- sur l'emploi ?

VII. Les partenaires sociaux ont-ils été consultés ?

- avis des partenaires sociaux

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